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CONTENTS

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NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

Dissidents Leave Beijing Before U.S. Secretary's Arrival [Tokyo KYODO]	1
Spokesman Views Charges of Religious Persecution [AFP]	1
UNHRC Rejects Western Anti-PRC Draft [XINHUA]	1
Representative to UN Views Expanding Security Council [XINHUA]	2
XINHUA Reports on U.S.-Japanese Security Talks	2
Russia's Kozyrev Calls For Building 'New' Europe [XINHUA]	3
Burma Opposes Senate Decision on Radio Free Asia [XINHUA]	3

United States & Canada

U.S. Secretary of State Christopher Arrives in Beijing [XINHUA]	3
PLA Commander Xu Huizi Meets U.S. Visitors [XINHUA]	4
Article Views U.S. Secretary's Visit, MFN, Human Rights [Hong Kong WEN WEI PO 11 Mar] ..	4
Editorial Accuses U.S. of Meddling in Human Rights Issue [Hong Kong TA KUNG PAO 11 Mar]	5
President Clinton To Introduce Work Force Security Act [XINHUA]	6
Canadian Official Clarifies Stand on Seal Product Exports [XINHUA]	6

Central Eurasia

PRC, CIS States Conclude Set of Border Disarmament Talks [XINHUA]	7
Yeltsin Says 'Time of Confrontation Is Over' [XINHUA]	7
Jiang Zemin, Aliyev Sign Joint Statement of Friendly Ties [XINHUA]	7
Azerbaijani President Aliyev Departs Beijing for Home [XINHUA]	8

Southeast Asia & Pacific

Coal Minister Receives Indonesian Minister [Jakarta Radio]	8
Sichuan Governor Winds Up Visit to Singapore [Chengdu Radio]	8
PLA Commander Meets Vietnamese Military Court Visitor [XINHUA]	8
Pacific Ring Fishing Conference Concludes in Beijing [XINHUA]	8
Beijing, Western Australia Sign Cooperation Agreement [XINHUA]	9

Sub-Saharan Africa

Tian Zengpei Meets African Leaders During Visit	9
Meets Nelson Mandela [XINHUA]	9
Leaves South Africa for Namibia [XINHUA]	9
Meets Namibian President [XINHUA]	9
Meets Zimbabwean Vice President [XINHUA]	10
Stresses Support for Zimbabwe [XINHUA]	10
Ends Visit to Mozambique [XINHUA]	10
New Envoy Presents Credentials to Ivorian President [XINHUA]	11
Envoy Presents Letter to Lesotho Foreign Minister [Beijing Radio]	11
UN Envoy Urges Aid for Rebuilding Mozambique [XINHUA]	11
Senegalese Prime Minister Receives Ambassador 25 Feb [XINHUA]	11
Tanzanian Vice President Meets New Ambassador [Beijing Radio]	12

West Europe

Vice President Rong Yiren Meets Finnish Parliament Speaker [XINHUA]	12
Comparison to Li Peng Meeting French Senate Leader	12

East Europe

State Councillor Li Guixian Meets Albanian Visitors [XINHUA]	12
Supervision Minister Meets With Albanian Visitors [XINHUA]	13
XINHUA Reports Bosnian Talks Reaching 'Final Stages'	13
Bosnian Serb Leader Refuses To Join Muslim-Croat Federation [XINHUA]	13
Foreign Trade Minister Meets Bulgarian Official [XINHUA]	13

NATIONAL AFFAIRS

Political & Social

XINHUA on Chen Jinhua Economic, Social Development Report	14
'Substantial Progress' Achieved	14
Macroeconomic Control Targets	14
Six Tasks Set	15
Macroeconomic Controls Detailed	16
Discusses Foreign Trade, Debts	16
Liu Zhongli Addresses NPC on State Budget [XINHUA]	17
Details Budget Facts, Figures [XINHUA]	18
Analyzes Increased Spending [XINHUA]	19
Stresses Controlling Total Expenditures [XINHUA]	20
Further on Chen Jinhua, Liu Zhongli Reports at NPC [XINHUA]	20
Figures Issued [XINHUA]	22
Spokesman Explains Reasons for Moving Up NPC Opening Date [XINHUA]	22
Hong Kong NPC, CPPCC Members Support Mainland Stance [XINHUA]	23
Article Notes Additions to Li Peng's Government Work Report [Hong Kong WEN WEI PO 11 Mar]	23
Article Examines Work Report's Conciseness [XINHUA]	24
Fujian, Qinghai, Sichuan Officials Support Li Work Report [XINHUA]	26
Leaders Gather Before NPC Opening Session [XINHUA]	27
Economist Li Yining Says Securities Law Scheduled [XINHUA]	28
Jiang Stresses Stability in Meeting With Regional Leaders [Shanghai Radio]	28
Data Services Attract NPC Deputies Seeking Information [XINHUA]	29
Tibetan Delegate Calls for More Education in Inland Regions [XINHUA]	29
Dissident Leaves Beijing: Police Cordon Around U.S. Mission [AFP]	29
Dissident Arrested in Shanghai 'For No Apparent Reason' [AFP]	30
Justice Minister on Detained Reporter, Activist Wang Juntao [Hong Kong MING PAO 11 Mar] ..	30
Police Try To Bar TV Crew Filming at Dissident's Home [Hong Kong TV]	31
Intellectuals Petition for Release of Political Prisoners [Hong Kong SOUTH CHINA MORNING POST 11 Mar]	31
Intellectuals Demand Release of Political Detainees [AFP]	32
Hijackers Sentenced to Life Term, 10 Years, Respectively [XINHUA]	32
Further on Hijackers' Sentencing [XINHUA]	33
Minister Says Reports of Dissidents' Detention 'Incorrect' [Hong Kong TA KUNG PAO 11 Mar]	33
Editorial Criticizes Detention of Hong Kong Journalist [Hong Kong SOUTH CHINA MORNING POST 10 Mar]	34
CPPCC National Committee Members Strive For More Real Power [Hong Kong LIEN HO PAO 10 Mar]	34
Article Views Leadership 'Power Struggle' [Hong Kong LIEN HO PAO 8 Mar]	35
Leadership Activities 3-11 March [Beijing TV, etc.]	36
Reform Upheavals Bring Worker Dissatisfaction [Hong Kong HSIN PAO 9 Mar]	37
Process, Personnel for Drafting Government Work Report [ZHONGGUO XINWEN SHE]	39
Zou Jiahua Urges State Enterprises To Implement Reforms [XINHUA]	39
Poll Shows Corruption Seen as Main Threat to Reform [Hong Kong MING PAO 11 Mar]	40

Article Predicts Fourth CPC Plenum in March [Hong Kong CHENG MING 1 Mar]	41
National Program for Water, Soil Conservation Approved [RENMIN RIBAO 7 Mar]	41
Hu Jintao Addresses Party School Opening Ceremony [XINHUA]	42
Restructuring Vice Minister Visits Zhuhai, Shenzhen [ZHONGGUO XINWEN SHE]	43
Deng Pufang Attends Guangdong Disabled Conference [Guangzhou Radio]	43
Women Contribute in Designing Beijing-Kowloon Railway [XINHUA]	43
Government To Launch 'Massive Assault' on Pollution [CHINA DAILY 10 Mar]	44
Vice Premier Urges Major Industrial Safety Drive [CHINA DAILY 10 Mar]	44
Seminar Hails New Religious Regulations [CHINA DAILY 9 Mar]	45
Dalai Lama Calls 'Moderate Approach' on Tibet 'Failure' [Hong Kong EASTERN EXPRESS 10 Mar]	45
Commentator Urges Carrying Forward Lei Feng Spirit [RENMIN RIBAO 5 Mar]	46
Correction to Agenda for Second Session	47

Economic & Agricultural

Zhu Rongji's Tax Reform Suffers 'Major Setback' [Hong Kong HONGKONG STANDARD 11 Mar]	47
Planning Minister's Report Calls for Control [Hong Kong SOUTH CHINA MORNING POST 11 Mar]	48
Think Tank Head 'Fears' Growth Uncontrollable [Hong Kong SOUTH CHINA MORNING POST 11 Mar]	49
Article Views Prospects for Economy, Reform [Hong Kong CHING PAO 5 Mar]	50
Politburo Standing Committee Broke Rule To Fete Party Organ Officials	53
Economy 'Adopting International Practices' [XINHUA]	53
Paper Views Changes in Profit Distribution [Hong Kong TA KUNG PAO 24 Feb]	54
Paper Views Tax Reform Impact on Foreign Firms [RENMIN RIBAO 7 Mar]	55
Sino-Foreign Firm's Licenses Revoked Due to 'Fraud' [CHINA DAILY 11 Mar]	56
Statistics Show Afforestation Project Pays Off [XINHUA]	57

REGIONAL AFFAIRS

East Region

XINHUA Reports Anhui's Economic Growth	58
Jiangsu Industrial Park Built With Foreign Funds [XINHUA]	58
Shandong To Improve Investment Conditions [XINHUA]	59
Shanghai Mayor Speaks on Agriculture, Urbanization [XINHUA]	59
Number of Students Leaving Shanghai Declines [ZHONGGUO TONGXUN SHE]	60
Shanghai Urges Foreign Investment in Housing Projects [XINHUA]	60
Shanghai Increases Cellular Phone Capacity [XINHUA]	60
Zhejiang Farmers Begin To Favor Retirement Insurance [XINHUA]	61

Central-South Region

Guangdong Private Enterprise Groups Develop [ZHONGGUO XINWEN SHE]	61
Guangdong Increases Spending on Highways [XINHUA]	61
Guangdong Farmers Make Fortune From Hot Springs [XINHUA]	61
Foreign Funds 'Pour' Into Shenzhen [XINHUA]	62
Guangxi Economy Continues Rapid Growth in Jan [Nanning Radio]	62
Bank of China Prevents Fraud in Henan [RENMIN RIBAO 21 Feb]	62
Breeding New Source of Income for Hunan Farmers [XINHUA]	63

PRC MEDIA ON TAIWAN AFFAIRS

Committee Passes Law on Protecting Taiwan Investments [XINHUA]	65
XINHUA Reports on Taiwan Economic Revitalization Plans	66
Sino-American Psychology Research Center To Be Set Up [XINHUA]	66
Commentary Views Taiwan-Mainland Sci-Tech Cooperation [Beijing Radio]	67

TAIWAN

SEF Spokesman Says Taipei, Beijing May Postpone Talks [CNA]	68
Taipei To Lift Agricultural Import Ban To Ease GATT Entry [CNA]	68
Taipei To Strengthen Cooperation With Overseas Chinese [CNA]	68
CPC Reportedly Reviews Taiwan Policy [Hong Kong HSIN PAO 4 Mar]	69
Economic Planner Says Taipei Lagging Behind in Recovery [CNA]	70
GATT Working Party Postpones Meeting Until Middle of May [CNA]	71
Revised Wildlife Conservation Law Increases Punishments [CNA]	71

HONG KONG & MACAO

Hong Kong

Public Figures Criticize UK for 'Sabotage' of Talks [XINHUA]	73
Newspapers Highlight Li Peng's 'Slip of the Tongue' [AFP]	73
Governor Patten Reiterates Moral Responsibilities [Hong Kong EASTERN EXPRESS 19 Feb] ...	73

General

Dissidents Leave Beijing Before U.S. Secretary's Arrival

OW1103053194 Tokyo KYODO in English 0513 GMT 11 Mar 94

[Text] Beijing, March 10 KYODO—Three well-known Chinese dissidents left Beijing for southern China on Friday [11 March] morning prior to U.S. Secretary of State Warren Christopher's scheduled arrival for a four-day visit, reliable sources said.

According to a statement reportedly left by Wang Dan, Zhuo Duo and Min Qi, they have left Beijing "voluntarily" and have asked the U.S. Government to renew China's most-favored-nation (MFN) trading status, the sources said.

It was widely rumored that Christopher, who will arrive in Beijing on Friday evening, would meet Wang.

But Christopher said Thursday in Tokyo that he has no plans "at the present time" to meet Chinese dissidents during his visit to China.

Several other dissidents, including Wei Jingsheng, have reportedly stated that they have left the capital "voluntarily."

No direct confirmation of these reports has been possible.

Police surrounded Wei's house last week and Wang's residence Thursday.

The dissidents are reportedly under pressure from the central authorities to leave town during China's ongoing National People's Congress (NPC) and the Christopher visit.

Christopher is expected to confront the Chinese leadership on human rights issues, including the detention and jailing of dissidents for peacefully expressing their political views.

On Thursday, Wang issued an open letter calling on deputies to the NPC to bring the MFN debate, which has been raging between the U.S. and Chinese governments, on to the congress agenda.

The U.S. has linked extending China's trade status with "overall significant progress" in human rights and laid out an agenda of hoped-for progress.

Spokesman Views Charges of Religious Persecution

HK1003025294 Hong Kong AFP in English 0226 GMT 10 Mar 94

[Text] Beijing, March 10 (AFP)—The Chinese government hit back Thursday at renewed foreign accusations

of religious persecution and defended recent regulations aimed at restricting the religious activities of foreigners in China.

"Foreigners in China should respect China's laws, refrain from harming the public interest of Chinese society and should not interfere in China's religious affairs through whatever means," a foreign ministry spokesman said.

The spokesman was responding to comments made in Bonn on Tuesday by German Foreign Minister Klaus Kinkel, who said he was "concerned by the new Chinese laws on religion which have introduced a further restriction on freedom of belief and to the arrest of Chinese and foreign Christians."

A stronger denunciation came from the chairman of the U.S. House Foreign Affairs subcommittee on human rights, Tom Lantos, when he called on Secretary of State Warren Christopher, who arrives here Friday, to "emphasise our revulsion and outrage at China's vicious campaign of religious persecution."

Fearful of a possible challenge to its own authority, the Chinese government issued new regulations, which took effect January 31, to strengthen control over religious practice and limit ties between Chinese and foreign believers.

The regulations "are not for the purpose of restricting religious freedoms," the spokesman said, "but fully show that the Chinese government respects the freedom of belief of foreigners in China and Chinese citizens." However, he also stressed that "China's religious bodies are not subject to foreign control."

A group of American, Indonesian and Hong Kong missionaries were detained for five days last month for having "conducted illegal religious activities" in violation of the new regulations. The foreign missionaries eventually returned to Hong Kong, but the fate of three local Chinese Christians detained at the same time remains unknown.

"We must protect normal religious activities and protect the cultural and academic exchanges in the field of religion between foreigners and the religious circles in China," the spokesman said.

UNHRC Rejects Western Anti-PRC Draft

OW1003070794 Beijing XINHUA in English 0655 GMT 10 Mar 94

[Text] Geneva, March 9 (XINHUA)—The 50th session of the U.N. Commission on Human Rights adopted here today a Chinese motion that no decision will be taken on the draft resolution entitled "The Situation of Human Rights in China."

Similar draft resolutions presented by some Western countries at the previous three U.N. human rights sessions were rejected.

At today's session, the motion put forward by Jin Yongjian, head of the Chinese delegation received 20 votes for, 16 against and 17 abstentions.

Jin pointed out that those who don't prejudice against China can see how it currently enjoys political and social stability, sustained and rapid economic development while its democracy and legal system continues to be perfected.

The living standard of Chinese people has gone up significantly and they are enjoying wider human rights and more fundamental freedom than in any of its previous periods of history, Jin said.

Jin said that the aim of those countries who had colluded to draft the resolutions was only to exert political pressure on China and to obstruct China's economic development, thus forcing Chinese people to change the path of development which they have chosen according to their own national conditions.

"China is willing to cooperate internationally in the field of human rights, in accordance with the purposes and principles of the U.N. Charter and on the basis of mutual respect and equality," Jin added.

"However, China is firmly opposed to any attempt by any country or blocks of countries to vilify it in the name of protecting human rights," he said.

Before the vote, deputies from many developing countries such as Cuba, Mauritius, Syria, Nigeria, Sri Lanka, Pakistan and Iran, expressed their support for the Chinese delegation's motion.

They pointed out that the international community should be aware of the great progress that China has made in nearly every aspect. The Chinese Government has accepted the challenge of efficiently managing such a big country, which has a quarter of the world's population and has ensured that the living standard of Chinese people has gone up consistently.

China's contributions to the world should be highly praised and encouraged, they said.

They also pointed out that some Western countries are used to imposing their own views on others, and their draft resolution about China has been put together with clear political intentions.

Representative to UN Views Expanding Security Council

OW1003120494 Beijing XINHUA Domestic Service in Chinese 0949 GMT 10 Mar 94

[Text] The United Nations, 8 March (XINHUA)—According to Chen Jian, PRC deputy permanent representative to the United Nations, the issue of expanding the UN Security Council should be settled on the basis of

overall considerations, balance, and equity to ensure all interests are taken into account and to avoid new imbalances.

Chen Jian stated: With the changing of the international situation and the continuous expansion of UN membership, growing calls have been heard from the vast number of UN members, and from developing countries in particular, for enlarging the Security Council, an important UN body. China favors the expansion of the Security Council at the appropriate time. He pointed out: Expansion of the Security Council should be done under the guidance of the UN Charter and in a manner which provides full consideration to the principle of equitable distribution so the Security Council will be more representative, more efficient, and more capable of dealing with major international issues in a positive, balanced, equitable, and efficient manner.

He added: Expansion of the Security Council involves the interests of all quarters. Balancing these diverse interests is a very complicated issue. Therefore, we should consider this issue from all sides, especially taking into account the fact that the developing nations make up a majority of the UN membership, so as to strike a balance between developed and developing nations as well as between various regions. Moreover, it is also important for the regions to reach a consensus.

Chen Jian also said: It is necessary to give full play to democracy by extensively enlisting the views of the member nations, medium and small nations in particular; by conducting comprehensive, in-depth, and full consultations; and by finding a rational formula acceptable to all through negotiation and consensus-building.

XINHUA Reports on U.S.-Japanese Security Talks

OW1103064294 Beijing XINHUA in English 0552 GMT 11 Mar 94

[Text] Tokyo, March 11 (XINHUA)—Japan and the United States reaffirmed their determination today to maintain close defense ties in the post-cold war era.

Representatives from the two countries met for the first time at what is known as the "two-plus-two" conference of the foreign and defense ministers of Japan and the U.S.

A joint announcement after the meeting said: "The two sides believe that the U.S.-Japan alliance has grown stronger and has increased in importance in the post-cold war period."

Attending the first security consultative committee meeting were U.S. Secretary of State Warren Christopher, Under-Secretary of Defense Frank G. Wisner, Japanese Foreign Minister Tsutomu Hata and Director General of the Defense Agency Katsuo Aiichi.

Wisner was representing the U.S. new Defense Secretary William Perry.

Participants at the meeting stressed that the security relationship between Japan and the United States remains unchanged in the new era despite frequent trade disagreements.

They also pointed out the need for expanding the two-way flow of defense technology.

Discussing the situation on the Korean peninsula, the two sides said they believed that a diplomatic solution is the best means of resolving the nuclear issue on the Korean peninsula.

The first ministerial "two-plus-two" meeting was held to conform a Japanese-U.S. agreement reached 1990.

Russia's Kozyrev Calls For Building 'New' Europe

OW1003181194 Beijing XINHUA in English 1649
GMT 10 Mar 94

[Text] Moscow, March 10 (XINHUA)—Russian Foreign Minister Andrey Kozyrev today stressed the need to make joint efforts in building a new Europe.

Speaking at a news conference before the meeting of the Council for Foreign Policy, the Russian minister said, "Russia is set to prevent any weakening of partnership established with the United States" and will "specify its substance on the basis of full equality of rights and duties."

Kozyrev stressed that "It is necessary to begin joint efforts to form a strategic partnership in building a new Europe."

"President Yeltsin has put forth this initiative, which is now being considered by the leaders of Western countries," Kozyrev added.

He said practical headway has been made towards making former enemies into friends and allies.

"The idea of cooperation with NATO has been given substance in the U.S. concept of a Partnership for Peace, which opened a period of drafting and implementing programs involving all countries on an equal basis," the Russian minister noted.

He went on to say that "Russia is close to signing the relevant documents."

Kozyrev warned however that "The NATO mania of impatience in advocating others joining the alliance and the partnership, accompanied by an anti-Russian hysteria, can lead to the strengthening of the position of Vladimir Zhirinovskiy and his supporters."

The Russian minister rejected attempts of "certain circles in the West, Central and Eastern Europe to speculate on the Zhirinovskiy factor and revive the image of a NATO enemy in the face of Russia."

"Those who insist on the thesis of a Russian menace begin to believe it themselves," Kozyrev said, adding

that the artificially generated threat makes people blind and prevents them from seeing the real problems of security.

"The victory in the Cold War was not won by the NATO military machine but by the democratic principles of the Conference for Security and Cooperation in Europe (ESCE). It is the ESCE which is bound to win a stable democratic peace in post-confrontation Europe," the Russian minister concluded.

Burma Opposes Senate Decision on Radio Free Asia

OW1103033994 Beijing XINHUA in English 0330
GMT 11 Mar 94

[Text] Yangon [Rangoon], March 11 (XINHUA)—The Myanmar [Burma] government is opposed to the U.S. Senate's decision on establishment of "Radio Free Asia," saying that it is just to try to interfere in the internal affairs of Asian countries including Myanmar, an official report said here today.

It is the first time that the Myanmar government expresses its concern over the U.S. Senate decision on February 2 to establish "Radio Free Asia," a broadcasting service covering China, the Democratic People's Republic of Korea, Cambodia, Myanmar, Laos and Vietnam.

Director-general of the political department of the Myanmar Ministry of Foreign Affairs has of late invited the charge d'affaires of the United States Embassy to Myanmar to the ministry and conveyed Myanmar's "deep regret" that such a decision had been taken.

The director-general said that if "Radio Free Asia" should become operational and Myanmar is targeted, "it could in no way be considered constructive or promoting the development of good relations between Myanmar and the U.S."

United States & Canada

U.S. Secretary of State Christopher Arrives in Beijing

OW1103105894 Beijing XINHUA in English 1042
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—U.S. Secretary of State Warren Christopher and his party arrived here this evening, starting his four-day official visit to China.

W. Christopher came as guest of Chinese Vice-Premier and Foreign Minister Qian Qichen.

Among those greeting W. Christopher and his party at the airport were Chinese Vice-Foreign Minister Tian Zengpei and U.S. Ambassador to China J. Stapleton Roy.

PLA Commander Xu Huizi Meets U.S. Visitors

OW1103111694 Beijing XINHUA in English 1105
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Lieutenant General Xu Huizi, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA), met with and feted a delegation from the Capstone group of the U.S. National Defense University here this evening.

The 14-member delegation, headed by retired General Robert Bazley, arrived here on Wednesday [9 March].

Article Views U.S. Secretary's Visit, MFN, Human Rights

HK1103060594 Hong Kong WEN WEI PO in Chinese
11 Mar 94 p A4

[Fourth of four installments: "Special article" by Chu Hsing-fu (2612 1630 4395): "China and the United States Should Highly Value Their Harmony—Written on the Eve of Christopher's Visit to China"—previous installments published in the 9, 10 March China Daily Report]

[Text] Mutual Hostility Is Not Good

When U.S. Secretary of State Christopher arrives Beijing on 11 March for a visit, what the Chinese and American officials have to discuss is how to enhance understanding, reduce friction, and strengthen bilateral cooperation on the basis on equality and reciprocity. It can benefit both sides if China and the United States, two big countries, can strengthen cooperation in various domains, whereas mutual hostility and a drain on strength is not good for either side.

China does not constitute any threat to the United States. China and the United States and the peoples in the two countries have traditional friendship, and even during the Cold War period, they could be friends. Why cannot they get along well after the Cold War? If the United States cancels China's most-favored-nation [MFN] trading status because of the human rights issue, it will strip away the good feeling toward the United States among the Chinese people and the People's Liberation Army [PLA]. China's policy toward the United States might become conservative and hard-line, and China might even adopt an uncooperative attitude toward some important international issues which concern the United States. A hard-line, conservative, and uncooperative China is obviously not in the strategic interest of the United States.

Strengthen Contact for Mutual Understanding

What is worth mentioning is that although China and the United States have gone round and round in the strange circle of human rights for several years, the armed forces of the two countries have already made a gratifying step in contact. In September last year, the United States adopted a new "contact strategy" toward China. Under

the guidance of this strategy, U.S. Assistant Secretary of Defense Freeman visited China at the end of last year, resuming high-level military contacts and interaction with China. Recently, the president of U.S. National Defense University has also visited China. Military contacts and exchanges between China and the United States can help foster mutual understanding between the two armed forces, and help the two countries to strengthen bilateral military cooperation.

According to the press, the Clinton administration has reached some consensus on relations with China. The consensus includes: China is a country to be reckoned with in the world; and the Chinese military has a recognizable role to play in China's foreign policy formulation, and only through contacts can the United States influence the PLA, continue to urge China to develop in the positive direction, and continue to make China, which will be economically and militarily strong in the future, a friend of the United States. U.S. Assistant Secretary of Defense Freeman said recently that although this kind of "contact strategy" cannot solve the issue of human rights and trade between China and the United States, it can ease the tense situation which might arise between the two countries regarding security issues.

Secretary of State Christopher said recently that if China makes positive efforts in the areas of abiding by the International Human Rights Declaration, releasing political prisoners, stopping interference in the Chinese-language broadcast of Voice of America, then, the United States will consider discussing extension of China's MFN status every several years. Officials in the U.S. Department of Commerce and Treasury Department advocated a permanent settlement of the MFN status for China. However, the United States should understand and sympathize with China's concrete conditions, and should not just exert great pressure. So long as China and the United States can understand each other and make mutual concessions, bilateral relations will be smooth, and if both sides can step back half a step on the issues which cause controversy, relations between the two countries will have broad room for development.

Bill of the Cold War Era Should Be Scrapped

Judged from the current situation, the practice that the United States extends China's MFN status every year is one which costs the U.S. Government and people money; it affects confidence and long-term planning among American businessmen and industrialists who want to invest in China, and lets some congressmen and human rights organizations pull the U.S. Government by the nose in the area of relations with China, thus, putting the government to a very passive position. Even if the MFN status is extended every several years, by then the White House might be troubled by various interest groups when the decision has to be made. Therefore, the best method should be neatly settling the issue of China's MFN status once and for all.

To extend China's MFN trade status once and for all, the United States should abolish the Jackson-Vanik amendment. This bill of the Cold War era was formulated for the Soviet Union which had no freedom of migration and had non-market economy system, and it is now outdated. China has always allowed freedom of migration, and China has announced it would walk toward market economy. Even the countries which have been blacklisted as terrorist countries by the United States, such as Syria, Libya, and Iraqi can easily enjoy MFN status, so why cannot China, which is opening up and is converging to the track of world economy, enjoy MFN status which is being enjoyed unconditionally by almost every country?

Should Grant China Permanent MFN Status

Dr. Michael Svens, a researcher specializing in East Asian problems with Rand Corporation, pointed out in a recent speech in Washington that, he believed the Clinton administration will continue to extend China's MFN status this year. He said that if the United States cancels China's MFN status, conservative forces inside China will emerge. Many experts in American academic circles have the same viewpoint. They advocated that human rights and trade issues should be handled separately. If Sino-U.S. relations are built on the narrow basis of human rights, once a problem arises in the area of human rights, the whole Sino-U.S. relationship will be in danger.

Looking at problems from a macro-viewpoint, the United States must not cancel China's MFN status in the future, even more, it must also permanently extend China's MFN status. Only by so doing can China and the United States walk toward a bright and splendid 21st century hand in hand. Both the Chinese and U.S. Governments have now this hope and wish. Christopher's visit to China is very important in terms of whether the United States can do this. (10 March, Washington)

Editorial Accuses U.S. of Meddling in Human Rights Issue

HK1103072694 Hong Kong TA KUNG PAO in Chinese
11 Mar 94 p 2

[Editorial: "A Head-On Blow at 'Human Rights' Mongers"]

[Text] At the 50th panel session of the UN Human Rights Commission in Geneva on the 9th of this month, representatives of Western countries again produced a so-called draft resolution on "China's human rights situation." In so doing, they attempted to raise provocations against and impose greater pressure on China by using pretexts they have cooked up. The Chinese representative refuted the resolution with perfect justice at the meeting and raised a no-action motion on the text. It turned out that China's motion passed the panel by a majority vote. This incident clearly tells us that interference in the internal affairs of other countries under the

cover of human rights can find less and less public support these days. Chinese Premier Li Peng's remarks on the incident in his Government Work Report delivered at the NPC session yesterday were met with a thunderous applause, thus showing clearly the disgust of the 1.2 billion Chinese people with these human rights mongers.

It is known to all that China is the world's biggest developing country. China's backwardness is, to a great extent, the result of the protracted aggression and oppression of a number of major western countries, which today are engaged in selling "human rights." As an independent sovereign country, China is now concentrating its energy on economic construction with a view to build itself into a modernized country. The Chinese Government has gained the thoroughgoing understanding that realization of this goal requires a sound social environment of stability and unity. Any turbulence in China will not only bring disasters to the Chinese people, but will also produce a great adverse impact on the stability and peace of Asia as well as the world. Practice has proved that the policy of reform, development, and stability currently pursued by the Chinese Government is a correct and successful policy. However, there are always people with ulterior motives in foreign countries who fly in the face of the facts, deliberately create over and over again so-called "human rights problems," and seize on the subject to exaggerate matters. The "shells" they are using in their attacks against China are no more than the few violators of Chinese law. They never concerned themselves in the past and do not take an interest today in the sufferings of the overwhelming majority of the Chinese people. It is obvious to all that their real aim in brandishing the club of "human rights" is to impose political pressure on China, obstruct China's stability and development, and force the Chinese people to give up the development road they have chosen which conforms to China's national conditions. It is natural, therefore, that what they are up to has been cast aside by the Chinese people and the Chinese Government.

It seems strange that all human rights mongers in today's world suffer from farsightedness. They can only envisage or imagine the problems of other countries, especially the Third World developing countries, yet turn a blind eye to the human rights situation in their own countries. As a matter of fact, the human rights records of their own countries are most inglorious. Among those who are selling "human rights," the most hard-working will perhaps be a handful of people with power and influence in the United States. Over recent years, these people have gone so far as to lump together the "human rights" issue with totally unrelated trade issues, asserting that "China's MFN trading status will be abolished" provided China fails to improve its "human rights" situation. Such an absurd idea has been found unacceptable even by many in the Western camp. At his meeting with visiting U.S. Secretary of State Warren Christopher the day before yesterday, Australian Foreign Affairs Minister Gareth Evans said in firm and clear-cut terms that

Australia disapproves the current practice of the United States to lump together human rights with the MFN issue, for the MFN trading status "is not an honorable privilege but a form of normal trading relations."

U.S. Secretary of State Warren Christopher is scheduled to arrive in Beijing today for a visit, and he is the highest-ranking U.S. official to visit China since President Bill Clinton took office. That China receives him during the NPC and CPPCC sessions has clearly underscored the fact that China attaches great importance to its relations with the United States. The Chinese Government believes that establishing and promoting friendly relations between the two countries not only tallies with the interests of both, but is also beneficial to maintaining peace in the Asian-Pacific region and the world. China's policy toward the United States encompasses augmenting mutual trust, reducing troubles, stepping up cooperation, and refraining from coming into confrontation. During Christopher's visit in the country, China is willing to exchange views with him on bilateral relations and wide-ranging international affairs on an equal footing with a view to further mutual understanding. Yet, if someone takes China's forbearance for frailty and vulnerability to attack, makes indiscreet criticisms with insufferable arrogance, and even threatens to cancel China's MFN trading status, then he is sure to meet with a rebuff in China.

President Clinton To Introduce Work Force Security Act

OW0703234294 Beijing XINHUA in English 2316
GMT 7 Mar 94

[Text] Washington, March 7 (XINHUA)—The Clinton administration will introduce the Workforce Security Act this week, providing 13 billion U.S. dollars to help the training of the unemployed, White House officials said today.

"We are on a trajectory of better and better employment figures, but they are still not as good as we hope," Labor Secretary Robert Reich said today, saying that the new legislation will change the entire employment system.

Observers said the Workforce Security Act, which features the establishment of one-stop job searching centers across the nation, was the third piece of legislation of the White House in improving the nation's job picture.

Last year, Congress passed the administration's voluntary national standards for elementary and secondary school and its school-to-work training and apprenticeship program.

In the U.S., around 25 percent of the unemployed workers do not have the skills for another jobs. The traditional job training system is called obsolete and wrongly targeted.

"What the Americans are discovering now, even though there are more jobs, they're not getting the old jobs back

again," Secretary Reich said in a TV interview. "It's not enough simply to get some unemployment insurance check. You've got to get help in getting the new jobs."

Canadian Official Clarifies Stand on Seal Product Exports

OW1003073694 Beijing XINHUA in English 0651
GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—Ercel J. Baker, Canadian assistant deputy minister of fisheries, has written to Chinese Ambassador to Canada Zhang Yijun making clear the Canadian Government stand on the export of seal products to China.

Recently, an international animal rights organization accused China's Shanghai Fisheries General Corporation of violating the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) by importing 50,000 dead seals from Canada's Newfoundland and Labrador Province to make aphrodisiacs out of sex organs severed from male seals.

Some Western countries' newspapers gave this accusation a lot of coverage. Some congressmen of a certain country even proposed a bill to attack China on the issue.

Baker said in the letter: "I am writing to express the support of the Government of Canada, and to seek the support of your government for the joint venture between Terra Nova Fishery Co. Ltd. (TNF) and the Shanghai Fisheries General Corporation (SFGC) to produce seal products for export to China. The government of the province of Newfoundland and Labrador also strongly supports the project.

"We share the concern of your government regarding the unfounded allegations that seals will harvested for the sole purpose of using the male sex organs to make sexual stimulants.

"It has been common practice for the more extreme groups (campaigning against seal hunting) to make sensational allegations to stir up controversy and attract media attention."

The letter pointed out that the proposed venture is fully consistent with Canada's commitment to the conservation and rational management of marine resources based on the principle of sustainable development.

There is a long-established commercial seal hunt in Canada which is closely regulated, the letter said.

Canada encourages full use of harvested seals and would oppose any project to kill seals only for a small part of the animal, the letter went on.

The joint venture involves the harvesting and use of the whole seal, the letter noted. It conforms to the licensing requirements and regulations of the Governments of

Canada and the Province of Newfoundland and Labrador. Equally, it is fully in accord with international conservation requirements.

Baker emphasized that the harp seal is not regulated by the convention because it is not endangered or threatened, and therefore no CITES permit would be required for export of harp seal products from Canada.

At the end of the letter, Baker said he hoped that the Chinese Government would consider this project favorably and approve the joint venture.

Central Eurasia

PRC, CIS States Conclude Set of Border Disarmament Talks

OW1103055094 Beijing XINHUA Domestic in Chinese 0550 GMT 11 Mar 94

[Text] Moscow, March 10 (XINHUA)—China and four members of the Commonwealth of Independent States (CIS) concluded their first round of expert-level talks here today on troop reduction in their border regions and confidence-building in the military field.

The talks, which began on February 24, were held between a Chinese delegation and a joint delegation for the four CIS countries—Kazakhstan, Kyrgyzstan, Russia and Tajikistan. Both delegations were made up of diplomatic and military experts.

Sources close to the talks described the atmosphere of the discussions as "friendly and business-like".

The two sides continued to exchange views on relevant issues, and agreed that the next round will be held in Beijing.

Russian Deputy Foreign Minister Aleksandr Panov met with the Chinese delegation during their stay here. The Chinese experts also paid a visit to the Leningrad Military District at the invitation of the Russian Defense Ministry.

Yeltsin Says 'Time of Confrontation Is Over'

OW1003154394 Beijing XINHUA in English 1504 GMT 10 Mar 94

[Text] Moscow, March 10 (XINHUA)—Russian President Boris Yeltsin said today that "the time of confrontation is over" in Russia.

At a meeting with representatives of political parties and the Parliament, he said that Russia has "embarked on a new path".

Yeltsin suggested that a document be drafted to bring together all political movements and representatives of the state.

He said that the programs of all parties contained provisions concerning problems which "are important for the country and for each Russian citizen.

He stressed that common provisions would be summarized and incorporated in a memorandum on civil concord and peace.

Yeltsin also asked that a working group of five members be set up to draft the text of the memorandum and submit it for discussion in two weeks.

He asked that participants in the meeting discuss a mechanism for adopting this memorandum on civil tranquility.

Yeltsin said that it was necessary to "involve the widest possible range of representatives of parties and public movements in the signing of this document".

Jiang Zemin, Aliyev Sign Joint Statement of Friendly Ties

OW1003121094 Beijing XINHUA in English 1154 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—China and Azerbaijan will develop their relationship in accordance with the Charter of the United Nations, the five principles of peaceful co-existence and other international norms.

This has been defined by a joint statement regarding the basis for the friendly ties between the two countries, which was signed between Chinese President Jiang Zemin and Azerbaijani President Geydar Aliyev on March 7 and made public here today.

President Aliyev paid an official visit to China from March 7 to 10 at the invitation of President Jiang Zemin.

The statement said that the leaders of the two countries exchanged views on bilateral relations and international issues of common concern in a friendly, sincere and realistic atmosphere.

The two countries shared the view that to further boost bilateral friendly relations and mutually beneficial cooperation conforms to the fundamental interests of the two peoples and also benefits the peace and security in the region.

The statement said the two sides will promote bilateral cooperative ties in politics, economy and trade, science and technology, culture, education, public health and other fields on the basis of mutual benefit and trust, and sign corresponding agreements to this end.

The two sides will work together to strengthen world peace and trust, enhance stability and security and frequently exchange views and hold consultations on the above-mentioned issues.

Both place great importance on expanding contacts between the parliaments of the two countries and promote cooperation in this aspect.

The statement said the two countries will actively cooperate in cracking down on illegal trafficking, terrorism, illegal actions jeopardizing navigation and civil aviation security, smuggling of antiquities and other international criminal offenses.

They can sign independent agreements in this regard according to the actual needs.

The statement said that the government of Azerbaijan recognizes the government of the People's Republic of China as the sole legitimate government of China, and Taiwan an inalienable part of the Chinese territory.

The Azerbaijani Government will not establish official ties with Taiwan, it added.

The Chinese Government supports the Azerbaijani Government's efforts to safeguard national independence and develop its economy and recognizes and respects Azerbaijan's sovereignty and territorial integrity.

The statement said neither of the two sides will participate in any actions or in adopting any measures of a third country directed against the other. They also agreed that no third country is to be allowed to utilize the territory or facilities of either signatory to oppose the other signatory.

Azerbaijani President Aliyev Departs Beijing for Home

OW1003111394 Beijing XINHUA in English 1054 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—Azerbaijani President Geydar Aliyev left here for home by special plane this evening at the end of his four-day official visit to China.

Aliyev and his party were seen off at the airport by Yin Dakui, chairman of the Chinese Government Reception Committee and vice minister of public health.

The president returned here from Shanghai this afternoon after his one-day stay in the city.

Southeast Asia & Pacific

Coal Minister Receives Indonesian Minister

BK0903034894 Jakarta Radio Republik Indonesia Network in Indonesian 0000 GMT 9 Mar 94

[Text] Mines and Energy Minister I.B. Sujana hoped that China, with its vast experience in utilizing coal as an alternative source of energy, will provide its technological expertise to Indonesia in the future.

During his meeting with China's Minister of Coal Industry Wang Senhao in Beijing yesterday, Minister Sujana said coal has become a major commodity for industrial and domestic needs due to China's vast coal

production. Indonesia is looking into the possibility of enhancing cooperation with China regarding coal use.

Wang Senhao, minister of coal industry, considered Indonesia's coal prospects bright and he said he was confident that cooperation in the coal sector will be good.

Sichuan Governor Winds Up Visit to Singapore

HK1003085994 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 3 Mar 94

[Report by station reporter Wen Jing]

[Excerpts] According to a provincial government source, a five-member Sichuan Government delegation, headed by Governor Xiao Yang, wound up its visit to Singapore yesterday. It had made the trip at the invitation of Ho Kah Leong, Singaporean minister of state for information and the arts. The visit has drawn the attention of figures from various circles in Singapore.

Governor Xiao Yang and Minister Ho Kah Leong exchanged views on the two sides' augmenting cooperation in economic relations and trade. [passage omitted]

During the visit, Singaporean Prime Minister Goh Chok Tong, Deputy Prime Minister Lee Hsieng Loong, and Senior Minister Lee Kuan Yew met separately with Governor Xiao Yang.

PLA Commander Meets Vietnamese Military Court Visitor

OW1003114594 Beijing XINHUA in English 1116 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—General Yu Yongbo, director of the General Political Department of the Chinese People's Liberation Army (PLA), met with a delegation from the Central Military Court of Vietnam here today.

The delegation is headed by Lieutenant General Nguyen Huan [spelling of name as received], president of the Vietnamese Central Military Court.

Pacific Ring Fishing Conference Concludes in Beijing

OW1003091894 Beijing XINHUA in English 0900 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—The third Pacific ring fishing conference was held from March 8 to 10 in Beijing.

Jointly sponsored by the United States and China, the conference aimed to promote understanding and cooperation in the implementation of fishing policies formulated by the countries around the Pacific Ocean.

Delegates from China, the United States, Japan, the Republic of Korea, Canada, Russia, Vietnam, the Philippines, Malaysia and the Food and Agriculture Organization of the United Nations attended the conference.

Subjects focused on by this session of the conference included fishing policies of the countries, fishing management in international waters, development of new markets, and solutions to commercial disputes in fishing.

The first session of the conference was held in the United States and the second in the former Soviet Union.

The total output of China's aquatic products rose from 4.3 million tons in 1979 to 17.85 million tons in 1993, with an annual growth rate of 10.7 percent, sources said.

Since the adoption of the policy of opening to the outside world, China has developed cooperation and exchanges with its foreign counterparts in fishing industry.

It has set up cooperative relations with the fishing industry in more than 60 countries and regions in the world.

Beijing, Western Australia Sign Cooperation Agreement

OW1003105894 Beijing XINHUA in English 1031
GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—The Beijing Federation of Industry and Commerce (BFIC) and the Western Australian Branch of the Australia-China Chamber of Commerce and Industry (ACCCI) signed an agreement on cooperation here this afternoon.

The agreement aims at promoting prosperity and economic development in Beijing and western Australia, further expanding bilateral economic association.

It will accelerate flow of information of commerce and industry, economic cooperation and trade activities between BFIC and ACCCI, exchange and train experts and professionals while undertaking what commercial and industrial bodies from both sides entrust them to do.

Sun Fuling, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, honorary vice chairman of the All-China Federation of Industry and Commerce and chairman of the BFIC, and Desmond Williams, president of the Western Australian Branch of the ACCCI, signed the agreement.

Williams said that his branch will set up a China center with the ACCCI, and hoped to enjoy help from BFIC in this regard.

After the signing ceremony, the Australian delegation conducted commercial talks with their counterparts in BFIC and other local entrepreneurs.

Sub-Saharan Africa

Tian Zengpei Meets African Leaders During Visit

Meets Nelson Mandela

OW2302045794 Beijing XINHUA in English 0430
GMT 23 Feb 94

[Text] Johannesburg, February 22 (XINHUA)—African National Congress (ANC) President Nelson Mandela said Tuesday [22 February] that state-to-state relations between South Africa and China should be strengthened under the changed situation.

Meeting with Tian Zengpei, visiting Chinese vice-minister for foreign affairs, and his delegation at the ANC headquarters here, Mandela also expressed gratitude to the Chinese government and people for their strong support and assistance to the ANC's long-time struggle against apartheid.

Tian Zengpei, who arrived here on February 20 as the guest of the Chinese Center for South African Studies, conveyed to Mandela the regards of Chinese President Jiang Zemin.

Leaves South Africa for Namibia

OW2602085794 Beijing XINHUA in English 0848
GMT 26 Feb 94

[Text] Cape town, February 25 (XINHUA)—Chinese Vice-Minister of Foreign Affairs Tian Zengpei left here for Windhoek, capital of Namibia, today after a five-day visit to South Africa.

Tian Zengpei and his entourage came to South Africa as guests of the Chinese Center for South African Studies in Pretoria.

During his stay, Tian Zengpei met with Nelson Mandela, president of the African National Congress (ANC), leaders of other political parties, businessmen, journalists and leaders of the Chinese community.

Tian also held talks with officials of the Department of Foreign Affairs in the South African Government.

Meets Namibian President

OW2602105494 Beijing XINHUA in English 0855
GMT 26 Feb 94

[Text] Windhoek, February 26 (XINHUA)—Namibian President Sam Nujoma received and had a cordial and friendly talk with visiting Chinese Vice-Minister of Foreign Affairs Tian Zengpei and his entourage at the president office here this afternoon.

Tian and his entourage are here on a working visit after a five-day visit to south africa.

During the talks, Tian conveyed to Nujoma the regards and a personal letter from Chinese President Jiang Zemin.

Tian also congratulated Namibia on the forthcoming reintegration of Walvis Bay and its offshore islands into its territory.

"The reintegration has completely ended the colonial rule of more than one century, and at the same time, realized the decolonization in the whole of the African Continent," Tian said.

Earlier, Tian and his entourage were also received by Prime Minister Hage Geingob and Foreign Minister Theo-ben Gurirab.

Meets Zimbabwean Vice President

OW0203200294 Beijing XINHUA in English 1811
GMT 2 Mar 94

[Text] Harare, March 2 (XINHUA)—Zimbabwean Vice-President Simon Muzenda said here today that China is a most energetic supporter and a best friend of Zimbabwe and his country could learn a lot from China.

Muzenda made his remarks in a meeting with Chinese Vice-Minister of Foreign Affairs Tian Zengpei, who arrived in Harare yesterday for a two-day working visit to Zimbabwe, the last leg of his tour of southern Africa. The Chinese vice-minister has already visited South Africa, Namibia and Mozambique.

"Zimbabwe got support from China in its fighting for independence and freedom and now China also made a lot of efforts for Zimbabwe's developments after independence," said Muzenda.

Tian Zengpei told Muzenda that China was impressed with the way Zimbabwe had tackled its economic problems and its role in peace-keeping missions.

Tian later held talks with his counterpart Nathan Shamuyarira. They discussed international issues, especially southern African situation and bilateral problems. Both sides expressed their satisfaction at the present friendly relations between the two countries and hope to find new areas and ways of cooperation in promoting the two countries' relations.

Stresses Support for Zimbabwe

OW0403221294 Beijing XINHUA Domestic Service in
Chinese 0513 GMT 3 Mar 94

[By reporter Huang Sixian (7806 1835 6343)]

[Text] Harare, 2 Mar (XINHUA)—At a meeting with Chinese Vice Foreign Minister Tian Zengpei on 2 March, Zimbabwean Vice President Muzenda said: China supported Zimbabwe during its struggle for independence and freedom. After Zimbabwe's independence, China exerted great efforts to help it develop. Zimbabwe is very happy to see China's rapid development.

At the meeting, the Chinese vice foreign minister praised Zimbabwe for scoring notable achievements in safeguarding internal peace and national unity and developing the economy under the leadership of President Mugabe. He also spoke highly of Zimbabwe's endeavor to explore its own way of development based on its national condition. He added that Zimbabwe played a positive role in maintaining world peace, especially in promoting regional peace and stability.

This morning, Tian Zengpei held talks with Zimbabwean Foreign Minister Shamuyarira. They exchanged views on the international situation and the situation in Africa, especially in southern Africa, as well as on bilateral relations. They expressed satisfaction with the development of friendly and cooperative relations between the two countries, and hoped to explore new areas and forms of cooperation to promote the continuous growth of bilateral relations.

Tian Zengpei and his retinue arrived here on 1 March after visiting South Africa, Namibia, and Mozambique.

Ends Visit to Mozambique

OW0303052094 Beijing XINHUA Domestic Service in
Chinese 0409 GMT 2 Mar 94

[By reporter Liu Dalong (0491 1129 7893)]

[Text] Maputo, 1 Mar (XINHUA)—Chinese Vice Foreign Affairs Minister Tian Zengpei wound up his two-day working visit in Mozambique and left here for Zimbabwe today.

During his stay here, Mozambique President Chissano and Foreign Affairs Minister Mocumbi received Tian Zengpei on separate occasions and broadly exchanged views with him on issues about Mozambique-Chinese relations and the peace process in Mozambique as well as the situations in Africa and Asia. During the meetings, both sides pledged that they would make efforts to further develop the two countries' friendly relations and cooperation. Tian Zengpei also told the Mozambique leaders that China supports the peace process in Mozambique and hoped all Mozambique parties will exert efforts to expedite the implementation of the peace accord so that the general multiparty elections can proceed normally in October this year.

Tian Zengpei also had separate meetings with Gundana, general secretary of the Mozambique Liberation Front, and Alonso Dhlakama, chairman of the National Resistance, and had frank exchanges of views with them on Mozambique's peace process as well as other issues of common interest. Tian Zengpei expressed the hope that Mozambique can achieve its peace and stability at an early date and wished Mozambique success in its peace process.

The Chinese vice foreign minister arrived here on the evening of 27 February at the Mozambique Government's invitation.

New Envoy Presents Credentials to Ivorian President

OW1103075194 Beijing XINHUA Domestic Service in Chinese 0743 GMT 5 Mar 94

[By reporter Wang Wencheng (3769 2429 2052)]

[Text] Abidjan, 4 Mar (XINHUA)—Today Ivorian President Henri Konan Bedie hailed Ivorian-Chinese relations as "developing with remarkable results."

Bedie made the above statement when accepting credentials from new Chinese Ambassador to Ivory Coast Liu Lide [0491 4539 1795].

Bedie said: "When reviewing the past decade since Ivory Coast and China established diplomatic relations, we can only feel happy and cannot ignore the fact that diplomatic relations between the two countries have been developing remarkably." President Yang Shangkun's visit to Ivory Coast in July 1992 has broadened bilateral exchanges. Because of these contacts and the thorough understanding of each other's wishes and interests, the Ivorian and Chinese Governments have signed agreements to broaden cooperation in various fields.

Bedie also highly commended Chinese-aided projects in Ivory Coast. He expressed the hope that Ivory Coast and China will "expand and consolidate bilateral cooperation." When commenting on Ivorian-Chinese trade issues, he said he hoped that Ivory Coast and China will strengthen trade relations and gradually attain a balanced foreign trade account between the two countries.

Envoy Presents Letter to Lesotho Foreign Minister

OW2702050794 Beijing Central People's Radio Network in Mandarin 1700 GMT 23 Feb 94

[From the "International News" program]

[Text] (Qiu Guohua), China's charge d'affaires ad interim to Lesotho, presented a letter of introduction from Qian Qichen, China's vice premier and foreign minister, to Matlelane Qhobela, foreign minister of the Kingdom of Lesotho, in Maseru on 22 February.

Qhobela welcomed (Qiu Guohua) to his post in Lesotho. Speaking on relations between the two countries, Qhobela reiterated: The Lesotho Government recognizes the PRC as the sole legitimate government of all China, and Taiwan as an inalienable part of Chinese territory. (Qiu Guohua) expressed his appreciation for this.

China and Lesotho established diplomatic relations in April of 1983. Lesotho restored diplomatic relations with Taiwan on 5 April 1990, and China declared the termination of diplomatic relations with Lesotho on 7 April that same year. Lesotho broke off diplomatic

relations with Taiwan in December 1993, and China and Lesotho restored ambassadorial-level diplomatic relations on 12 January 1994.

UN Envoy Urges Aid for Rebuilding Mozambique

OW2702184094 Beijing XINHUA Domestic Service in Chinese 0757 GMT 24 Feb 94

[By reporter Gao Jian (7559 1017)]

[Text] United Nations, 23 Feb (XINHUA)—The UN Security Council adopted a resolution today to empower UN Secretary General Butrus Butrus-Ghali to set up a UN Mozambique Action (UNMA) special police detachment, with the number of the members of the detachment limited to 1,144.

According to Butrus-Ghali's suggestion, this special police detachment will begin work as part of the UNMA. In Butrus-Ghali's opinion, there is a need for the UNMA to take measures to help the Mozambican police improve their ability to protect civilians and their property, and to supervise law enforcement by the Mozambican police.

the Mozambican Government and the Mozambique National Resistance signed the "Mozambique comprehensive peace agreement" in October 1992 in Rome, Italy, and agreed to hold general elections this October. Regrouping and disbanding the two factions' troops to create conditions for holding general elections and the election preparatory work are under way in earnest.

Butrus-Ghali held that establishing a special police detachment to supervise law enforcement by the Mozambican police will help build voter confidence and prevent irregularities.

Li Zhaoxing, China's permanent representative to the United Nations, spoke prior to putting the resolution to a vote. He said that the international community, including the United Nations, should continue to try its best to help the Mozambican people realize the goal of holding the general elections as scheduled so as to help Mozambique return to the path of rebuilding its homeland and restoring its economy.

Senegalese Prime Minister Receives Ambassador 25 Feb

OW2702041894 Beijing XINHUA Domestic Service in Chinese 1603 GMT 25 Feb 94

[By reporter Ding Xigang (0002 0823 0474)]

[Text] Dakar, 25 Feb (XINHUA)—During a meeting here today with Chinese Ambassador Cang Youheng, Senegalese Prime Minister Habib Thiam said: Senegal hopes to develop and expand cooperation with China.

Thiam said he particularly hoped to secure China's assistance and cooperation in such fields as finance, long-range agricultural planning, rice cultivation, and iron extraction.

Thiam and Cang Youheng also exchanged views on further developing relations between the two countries.

Tanzanian Vice President Meets New Ambassador

OW0303052694 Beijing Central People's Radio Network in Mandarin 1700 GMT 1 Mar 94

[From the "International News" program]

[Text] John Malecela, first vice president and prime minister of Tanzania, said that Tanzania attaches importance more than ever before to developing Tanzanian-Chinese friendly relations. He made the statement when meeting with Xie Youkun, newly appointed Chinese ambassador to Tanzania, on 28 February.

Malecela said: China is a country that upholds principles. Tanzania and other countries in southern Africa have had China's energetic support ever since they fought for independence.

He added: Tanzania wholeheartedly thanks the assistance which China has given and is giving Tanzania, and Tanzania wants to further strengthen its cooperation with China.

West Europe

Vice President Rong Yiren Meets Finnish Parliament Speaker

OW1103105494 Beijing XINHUA in English 0953 GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Chinese Vice-President Rong Yiren met with Finnish Parliament speaker Riitta Uosukainen and her party at the Great Hall of the People here today.

Rong extended his congratulations to Uosukainen, who became parliament speaker this February.

Uosukainen said that by visiting China and the second plenary meeting of the on-going annual session of the Eighth National People's Congress of China (NPC) this morning, she and the other members of the delegation witnessed China's rapid development and believed that China is sure to succeed on the road of reform and opening which it has chosen.

Rong said that China's economy would keep developing in a sustained, rapid and healthy way this year.

He also briefed the Finnish guests on the prospect of China's economic development.

They expressed the hope that China and Finland will enhance exchanges and cooperation in the fields of economics and trade, science and technology, education, environmental protection and tourism.

Chen Muhua, vice-chairman of the NPC Standing Committee, took part in the meeting.

Uosukainen arrived here on March 4 as guest of the NPC Standing Committee. She is scheduled to end her China visit today.

Comparison to Li Peng Meeting French Senate Leader

OW2202190494

Beijing XINHUA Domestic Service in Chinese at 1347 GMT on 22 February carries a 676-character report on Chinese Premier Li Peng meeting with French Senate President Rene Monory in Beijing on 22 February.

The XINHUA Chinese version has been compared with the XINHUA English version published in the 23 February China DAILY REPORT on page 13, revealing the following variations:

Page 13, column two, paragraph two, only sentence reads: ...Li said that the time of Monory's visit is very good. [new graf] Li said that... (rewording);

Same page, same column, paragraph five, only sentence, reads: ...the bilateral ties. [new graf]

Li Peng welcomed Monory's revisit to China. He and Monory happily recalled their meetings in Paris and Beijing in 1985 and 1987. Li Peng said great changes have taken place in China since we last met seven years ago. Li also briefed the... (adding sentences);

Same page, same column, paragraph seven, only sentence reads: ...Prime Minister Balladur. He said Prime Minister Balladur is looking forward to visiting China. [new graf] In return, Li... (adding sentence);

Same page, same column, paragraph eight, only sentence reads: ...back in France. He said: "I am also looking forward to meeting him in Beijing." He expressed the... (adding sentence.)

East Europe

State Councillor Li Guixian Meets Albanian Visitors

OW1003092094 Beijing XINHUA in English 0848 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—Chinese State Councillor Li Guixian met a delegation from the State Control Service of Albania here today.

The delegation, led by chairman Blerim Cela of the State Control Service, arrived here on February 8 at the invitation of the Chinese Ministry of Supervision.

Chinese Minister of Supervision Cao Qingze took part in the meeting.

Supervision Minister Meets With Albanian Visitors

OW0803130794 Beijing XINHUA in English 1124
GMT 8 Mar 94

[Text] Beijing, March 8 (XINHUA)—Chinese Minister of Supervision Cao Qingze met with and hosted a banquet for Blerim Cela [name as received], chairman of the State Control Service of Albania, and his party here this evening.

Cela and his party arrived here today as guests of the Chinese Ministry of Supervision. Apart from Beijing, they are also scheduled to visit Tianjin.

XINHUA Reports Bosnian Talks Reaching 'Final Stages'

OW0103181594 Beijing XINHUA in English 1753
GMT 1 Mar 94

[Text] Washington, March 1 (XINHUA)—Talks between Bosnian Muslims and Croats on a Muslim-Croat confederation are reaching the "final stages," Croatian Foreign Minister Mate Granic said here today.

Granic, in talks with the Bosnian Government in the fourth day, said the parties could be signing a preliminary agreement this afternoon on the confederation, which will then be linked to the Bosnian Serbs to form a two-republic Bosnia-Herzegovina.

However, U.S. officials appeared less optimistic.

"They are still engaged in talks and we are relatively hopeful there might be something this afternoon," one official said.

"They may get there and they may not," he said.

The plan, initiated by the United States, would require economic ties between the Muslim-Croat federation to the Croatian Republic, the reason why the Granic was here.

Meanwhile, U.S. President Bill Clinton and visiting British Prime Minister John Major said they would work together "for a resolution of the crisis" in the Balkan republic where ethnic war had raged for 22-months, killing tens of thousands of civilians.

They said a "joint civil planning mission" would be sent to Sarajevo, the Bosnian capital, to help revive the city's basic facilities.

Bosnian Serb Leader Refuses To Join Muslim-Croat Federation

OW0703163894 Beijing XINHUA in English 1604
GMT 7 Mar 94

[Text] Belgrade, March 7 (XINHUA)—Bosnian serb leader Radovan Karadzic said today that his "Serb Republic of Bosnia" will not join a Muslim-Croat federation.

He told reporters that only those who do not know politics would think that Bosnian Serbs will accept the federation.

Karadzic insists on an independent Serbian country, established in Bosnia or an allied country, and made up of Bosnian Serbs and other Serbs.

He added that during World War II the Croat-Muslim federation, under the protection of Germany, killed tens of thousands of Serbs.

Karadzic said the three warring parties must make compromises to reach a final agreement and settle boundaries.

He stressed that 33.3 percent of the territory was enough for the Muslims, and that the Serbs would like to exchange part of the territory in dispute with the Croats.

He also said that the West, which has been biased against the Serbs, would make a mistake to push the Serbs closer to Russia, a traditional ally.

Foreign Trade Minister Meets Bulgarian Official

OW1003085094 Beijing XINHUA in English 0827
GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—Wu Yi, Chinese minister of Foreign Trade and Economic Cooperation, met here today with Kiril Velev, Bulgarian vice-minister of Trade.

After the meeting, the two sides signed three documents: a summary on the 5th Session of the Sino-Bulgarian Mixed Committee of Economy and Trade, rules of the Sino-Bulgarian governmental committee of economy, trade and science and technology, and a letter exchanged on the clearing trade between the two countries.

Political & Social**XINHUA on Chen Jinhua Economic, Social Development Report****'Substantial Progress' Achieved***OW1103013594 Beijing XINHUA in English 0115
GMT 11 Mar 94*

[Text] Beijing, March 11 (XINHUA)—Chen Jinhua, minister in charge of the State Planning Commission, said here today that China's 1993 plan for national economic and social development was carried out satisfactorily.

"Various reforms designed for the establishment of a socialist market economy were proceeding in a planned way and have achieved substantial progress," Chen said.

The past year has seen the nation opening wider to the rest of the world and the national economy developing in a sustained, rapid and sound way with all-round social progress achieved, he said.

In a report he delivered at the ongoing session of the National People's Congress (NPC), or parliament, Chen reviewed China's implementation of last year's economic plan and set forth this year's growth targets.

The minister said the country's national economy developed at a rapid pace in 1993.

The country's gross domestic product (GDP) last year reached 3,138 billion yuan, up 13.4 percent over the previous year and eight percent higher than the planned growth rate.

The year's GDP growth rate breaks down into four percent for the primary industry, 20.4 percent for the secondary industry, and 9.3 percent for the tertiary industry.

The rural economy saw overall growth last year, with the output of grain and oil bearing crops hitting an all-time high.

Last year, grain output reached 456.4 million tons, 13.8 million tons more than in 1992 and 103.1 percent of the planned figure; and the output of oil bearing crops amounted to 17.61 million tons, 1.2 million tons more than in 1992 and 106.7 percent of the planned figure.

Township and village enterprises reported continued vigorous growth, and their development accelerated in the central and western regions of the country, he said.

The nation's industry produced a total added value of 1,414 billion yuan, up 21.1 percent over the previous year. This growth rate breaks down into 22.2 percent for heavy industry and 19.9 percent for light industry.

The output of major products continued to grow last year. During the year China produced 1.141 billion tons

of coal, 144 million tons of crude oil, 820 billion kwh of electricity, and 88.68 million tons of steel.

In 1993 total investment in fixed assets nationwide was 1182.9 billion yuan, 147.9 percent of the planned figure and up 50.6 percent over the previous year. Allowing for price rises, the growth rate was 22 percent, he said.

There were big increases in investment for transport and telecommunications sectors, he said.

Economic, trade and technological exchanges with foreign countries continued to expand last year, he said.

The country's imports and exports reached 195.8 billion U.S. dollars in value, up 18.2 percent over 1992. Exports were worth 91.8 billion U.S. dollars, up eight percent, and imports 104 billion U.S. dollars, up 29 percent.

Use of foreign funds increased substantially last year, Chen said. The amount of foreign capital actually used during the year reached 36.77 billion U.S. dollars, up 91.5 percent over the previous year. Of this amount, 25.76 billion U.S. dollars was in the form of direct investment from foreign businesses, 1.3 times the previous year's. Foreign loans actually used amounted to 10.8 billion U.S. dollars, up 36.5 percent.

"The pattern of investment by foreign businesses improved, with increased investment in long- and medium-term projects," he said.

"Investment from big overseas companies and financial groups increased. And the focus of investment is gradually shifting towards infrastructure and basic industries, and more investments are flowing to central and western China," Chen said.

In 1993 the total value of retail sales amounted to 1,223.7 billion yuan, up 26.1 percent over the previous year, or 11.6 percent after allowing for price rises.

Supplies of goods were "ample with a wide variety available," supplies of more than 90 percent of goods "match or exceed demand," he said.

He described the lives of the people as continually improving. During the year, per-capita income of urban residents averaged 2,337 yuan, up 10.2 percent over the previous year after taking inflation into account. Rural residents received a per-capita income of 921 yuan, up 3.2 percent over 1992 with inflation taken into account.

Macroeconomic Control Targets*OW1103013894 Beijing XINHUA in English 0125
GMT 11 Mar 94*

[Text] Beijing, March 11 (XINHUA)—Head of China's planning commission Chen Jinhua put forward here today major macroeconomic control targets for the country in 1994.

Addressing the National People's Congress (NPC) now in session in the Chinese capital, the minister in charge

of the State Planning Commission said that the central government's plan for national economic and social development in 1994 has set the following targets:

- The gross national product is to increase by nine percent over the previous year. That breaks down into three percent for the primary industry, 10.7 percent for the secondary industry, and 11 percent or slightly higher for the tertiary industry.
- Total investment in fixed assets is expected to reach 1,300 billion yuan. That breaks down into 875 billion yuan for state-owned enterprises and institutions, and 425 billion yuan for collective enterprises and institutions and the private sector.
- The deficit for 1994 is expected to reach 66.9 billion yuan. Counting the principal and interest of internal and external debts and external loans for key projects due to be paid back in 1994, total internal and external debts for this year will amount to 129.2 billion yuan.
- Banks will grant 470 billion yuan in new loans.
- Total retail sales are expected to reach 1,600 billion yuan in value.
- Imports and exports are expected to reach 200 billion U.S. dollars in value, with 100 billion U.S. dollars for exports and the same amount for imports.
- Inflation will be controlled under ten percent for the whole of 1994.
- Efforts will be made to improve the economic efficiency of enterprises. That will include increasing the sales ratio of their products, boosting their ratio of profits and taxes to capital, improving their labor productivity, increasing their capital liquidity, and raising their fuel efficiency.
- The natural population growth rate is to be controlled at about 1.3 percent for the year.

Six Tasks Set

OW1103020494 Beijing XINHUA in English 0149
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Chen Jinhua, minister in charge of the State Planning Commission, delivered a report on the 1994 plan for national economic and social development at the Second Plenary Session of the Eighth National People's Congress (NPC) in the Great Hall of the People today.

In his speech, Chen set the following six tasks: Developing rural economy, improving operation of large- and medium-sized state-owned enterprises, optimizing investment structure, opening wider to the outside world, expanding scientific, technological and educational undertakings and improving the people's livelihood continuously.

He said that China will continue to strengthen the agricultural base, invigorate the rural economy and increase peasants' income, all of which "has an important bearing on the nation's economic development and social stability," he said.

The country will make every effort to obtain a good harvest and retain a steady, high and increasing output of such principal products as grain, cotton and oil bearing crops, he said.

China is planning to turn out 450 million tons of grain, 4.85 million tons of cotton and 17.65 million tons of oil bearing crops.

He urged localities to protect arable land, slash the financial burden on farmers, raise purchasing prices of grain and cotton, develop highly efficient farming, step up construction of agricultural infrastructure, boost investment in the sector, accelerate application of scientific and technological advances to agriculture, expand township enterprises and help the poverty-stricken rural areas.

"Irrational economic structure and poor efficiency are currently the prominent problems of the economic development of China," he said.

He urged industries to focus on optimizing the structure and improving performance and to maintain an effective growth rate through deepening of the reform, opening of new markets, strengthening of management and accelerating technological progress.

"The current volume of total investment in fixed assets is already large," he said. It is necessary to bring this runaway investment growth under strict control by focusing the work on optimizing investment structure and improving economic returns of investment.

He said that, of the total investment in fixed assets in state-owned enterprises and institutions this year, 485 billion yuan will go to capital construction, 250 billion yuan to updating of technology and 80 billion yuan to development of real estate.

In line with industrial policies, China will "increase investment in the construction of infrastructure, basic industries and key industries, use the additional state investment this year mainly in projects for agriculture, water conservancy, transport, telecommunications, energy, necessary raw and semi-finished materials, electronics, science and technology and education," he said. The government will increase investment in the development of natural resources in the central and western regions of China.

He also urged the country to open wider to the outside world and vigorously and effectively use foreign funds, resources, technologies and markets.

He said that the country should realize economic growth on the basis of scientific and technological progress and the development of education. He urged governments at

all levels to vigorously promote advances in industrial technology, develop key scientific and technological projects and key industrial projects that are important to economic and social development, quicken the commercialization, industrialization and internationalization of China's own high and new technologies, strengthen the infrastructure for scientific research and develop a strong contingent of technical personnel.

He said that the government should keep education in a strategic position, strengthen elementary education, increase investment in education and improve the living conditions of school teachers.

He called for continual improvement of the living standards of the people on the basis of economic growth and increased labor productivity.

"To meet the need of continued reforms and maintain social stability, we will gradually establish a multi-form, multi-tier social security system," he said.

He pointed out that promoting all-round progress in social undertakings is an important task of macro-controls by the state. This year, the government will formulate an outline program for a nationwide development of social undertakings to guide work in this regard, he said.

Macroeconomic Controls Detailed

OW1103022894 Beijing XINHUA in English 0214
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—It is necessary to strengthen and improve macroeconomic controls if China is to fulfill its reform and development goals in 1994. A senior government official said today.

Addressing the ongoing session of the National People's Congress, Chen Jinhua, minister in charge of the State Planning Commission, said that the main task of macro-controls is to maintain an overall balance of supply and demand.

"To fulfill this task, we must use all means to increase effective supply and prevent overall social demand from rising too rapidly," he told the NPC deputies.

"First, we will exercise strict control over investment in fixed assets," he said.

Banks must strictly abide by state plans on loans for fixed assets investment and should refuse to finance any new projects not approved by the State Council or the State Planning Commission, or any projects outside state plans.

"Second, we will rationally control the growth of consumer demand," he said.

Third, it is necessary to continue to keep money supply and credit under control, and tighten budgetary restraint, he said.

Chen Jinhua stressed that macro-controls should focus on controlling the margin of overall price rises.

"There will be intense pressure with regard to price hikes this year," he said.

"Therefore, while pushing ahead with price reform, we must use every possible means to keep the margin of price increases within the planned range as a macro-control target," he said.

He listed the following measures to attain that goal:

- Working hard to increase effective supplies of goods and making every effort to promote the production and supply of daily necessities;
- Carefully organizing the implementation of price adjustment measures formulated by the state;
- Removing obstacles in goods circulation and marketing;
- Setting up and optimizing a reserve system for grain, cotton, cooking oil, meat, sugar and other major farm products as well as risk funds for grain and non-staple foods, in order to effectively regulate market volumes and keep prices fairly stable;
- Improving the market monitoring and controlling system; and
- Strengthening market regulation and tightening supervision over prices and market order.

Chen Jinhua said that all departments and local authorities must respect the authority of the state macro-control system and improve the overall balance of economic activities so as to avoid violent economic fluctuations.

Moreover, it is also necessary to strengthen monitoring of economic trends and make forecasts and warnings more accurate, he said, adding, "we will deepen reform of the planning system."

Discusses Foreign Trade, Debts

OW1103030194 Beijing XINHUA in English 0211
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Opening wider to the outside world and making efficient use of foreign funds, resources, technology and markets will be one of the major tasks in the 1994 plan for national economic and social development, a senior government official said today.

The tasks were spelled out by Chen Jinhua, minister in charge of the State Planning Commission, in a report he delivered to the annual session of the National People's Congress [NPC] on the implementation of the 1993 plan for national economic and social development and on a similar draft plan for 1994.

In his report, Chen stressed the need to make full use of the favorable international climate to further expand foreign trade and economic and technological exchanges.

In the area of foreign trade, he said, "through the restructuring of the foreign trade and foreign exchange systems, we shall promote an increase in exports and allow a reasonable flow of imports to achieve a balance between foreign exchange revenues and expenditures for the year."

Chen Jinhua spelled out the following policies to attain that goal:

- As China's export strategy, it is necessary to unswervingly increase the number and types of markets, succeed by putting quality first, and open up new markets while maintaining and developing existing ones;
- It is necessary to continue to improve the mix of export products, accelerate a switch from exporting semi-processed goods to intensive-processed goods and promote the export of high- and new- tech products;
- It is necessary to integrate technology, production and trade, and vigorously expand the export of mechanical and electrical products and complete sets of equipment that are competitive on the international market, rely heavily on modern technology, and have a high added value and good export potential;
- It is imperative to speed up the establishment of a quality certification system;
- It is necessary to encourage and support stronger large and medium-sized enterprises with good credit to move into foreign markets with quality products and good after-sale services;
- It is imperative to develop integrated trade companies in the form of enterprise groups for different industries to engage in international trade;
- It is necessary to strictly implement the system of making settlements and sales in foreign exchange for exports, raise the settlement rate for exports and improve the system of tax refunds on exports; and
- It is imperative to strengthen control over imports and optimize the import mix.

Chen Jinhua said, "we shall continue to severely crack down on smuggling. We shall exercise strict control over the outflow of foreign currency in investment and capital accounts outside the country and tighten supervision over enterprises located abroad."

He pledged to continue expanding international tourism and increasing foreign exchange revenues from non-trade sources.

He said that it is necessary to diligently check trade and non-trade collection and payment of foreign exchange and strengthen supervision over and examination of the

collection and payment of foreign currency to prevent leaks resulting from arbitrage and evasion of state control over foreign currency and from capital drain.

"We shall continue to operate in an efficient way special economic zones, the Pudong New Area in Shanghai, open coastal cities and economic and technological development zones, and open up more central cities in border regions, along the Chang Jiang river and in the interior," he told the NPC deputies.

Speaking of the utilization of foreign funds, he said that it is necessary to further better the investment climate in China, expand the scope of projects using foreign funds, improve the performance and quality of projects using foreign funds, and make efficient use of foreign funds.

He outlined a series of policies concerning the use of foreign funds:

- It is necessary to absorb more direct foreign investment in line with the country's capacity to provide supplementary funding and increase the proportion of foreign investment committed to projects;
- It is imperative to guide the orientation of foreign investment in accordance with the state's industrial policies, directing more foreign investment towards infrastructure and basic industries, key projects and technology upgrading in existing enterprises, in particular towards projects that make foreign-exchange-earning products;
- It is necessary to support the central and western parts of the country to use foreign capital to develop local resources;
- Sino-foreign joint ventures and cooperative enterprises should strictly abide by the principle of sharing both benefit and risk, and work to achieve a balance of payments in foreign exchange;
- State-owned enterprises must evaluate their assets before they sell stock rights or use existing assets to establish joint ventures or cooperative enterprises with foreign businesses so as to prevent the loss of state assets; and
- It is imperative to strictly control the use of international commercial loans, continuing to keep it under mandatory planning control.

With regard to foreign debt, Chen Jinhua stressed the importance of encouraging and supporting localities, departments, and enterprises with heavy foreign debts to establish a system of debt repayment financing to ensure that foreign debts be repaid on schedule.

Liu Zhongli Addresses NPC on State Budget

OW1103023794 Beijing XINHUA in English 0227
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—China has drafted this year's state budget according to the principle

of tightening control over expenditures so as to maintain a basic balance between total supply and total demand and alleviate inflationary pressure.

This remark was made today by Minister of Finance Liu Zhongli when he submitted his report on the implementation of the state budget for 1993 and on the draft state budget for 1994 to the ongoing session of the Eighth National People's Congress [NPC].

When analyzing the state financial situation, Liu said, market demand will remain huge this year. While continued reforms and economic development have created favorable conditions for state finances, two years of high economic growth have resulted in serious "bottlenecks," inflationary pressures, and an acute shortage of funds, he said.

Under these circumstances, he said, China will continue to strengthen and improve macro-controls, strive to improve the economic performance of enterprises and make revenue increases commensurate with economic development.

In expenditures, the country will act according to its capacity, ensure investment in key state projects and exercise strict control over investment in general fixed assets and expenditures for consumption.

The finance minister said, in the implementation of the state budget for 1993, both revenues and expenditures exceeded budgeted figures by a big margin. While revenue and expenditures in local finances increased considerably in 1993, those in the central finances failed to reach budgeted figures. Moreover, although revenues in local finances increased substantially, turnover tax revenues in central finances were much less than the budgeted figure, thereby aggravating the difficulties of central finances.

Total state revenues in 1993 came to 511.482 billion yuan and total state expenditures amounted to 531.982 billion yuan, resulting in a deficit of 20.5 billion yuan. The deficit was not in excess of the budgeted figure. Local budgets were balanced.

The Ministry of Finance has adopted a different method for calculating the deficit starting this year. Income from debts will no longer be included in total revenues, and debt service will no longer be included in total expenditures. Domestic and foreign debts due for repayment will be serviced by issuing treasury bonds. Such an adjustment only changes the way of calculating the debt and will not affect the actual size of the deficit.

The budget for 1994 shows that state revenue totals 475.995 billion yuan and expenditures amount to 542.914 billion yuan, representing 7.7 percent and 15 percent increases over the 1993 figures respectively. This leaves a deficit of 66.919 billion yuan, which reflects the real deficit.

If the deficit is added with 48.081 billion yuan for servicing domestic and foreign debts and 14.245 billion

yuan of foreign loans to be invested in key state construction projects this year, total debts for 1994 will come to 129.245 billion yuan.

Liu explained that though China has appropriately reduced investment in fixed assets, the high expenditures base for 1993 made it necessary to increase essential expenditures on agriculture, education, science and technology and other key areas. Total expenditures are also affected by wage increases for employees of administrative departments and public institutions, increased subsidies following the introduction of a single exchange rate system and other policy related factors. These factors altogether contributed more than 50 billion yuan to total expenditures. In addition, because of price rises, army wage reform and higher living expenses, this year's national defence expenditures have been appropriately increased.

Liu noted that since the reform of finance and the taxation system were put into force at the beginning of this year, the experience of the past two months and more has shown that the reform plan is correct, that it has been implemented smoothly by and large and that no major problems have arisen. However, we must remain sober-minded and be on our guard. The key to the success of this reform lies in achieving a consensus of views and in concerted action. Any problems can be reported to the higher authorities. Financial and taxation departments at all levels must take the interests of the whole into consideration, and they should not go their own way, overstep their authority, formulate their own rules and regulations, distort the reform plan or lead the reform astray in implementation.

Details Budget Facts, Figures

OW1103024394 Beijing XINHUA in English 0229
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Following are figures and facts contained in the report on the implementation of the state budget for 1993 and on the draft state budget for 1994 delivered by Finance Minister Liu Zhongli today to the current session of the National People's Congress [NPC].

—In the draft state budget for 1994, revenues in the central budget total 332.91 billion yuan, an increase of 3.8 percent over the 1993 figure; and total revenues in the local budgets that are prepared by the central government are 417.479 billion yuan, an increase of 6.8 percent over the 1993 figure.

—China reported a deficit in the central budget of 20.5 billion yuan in 1993; and the planned deficit for 1994 is 66.919 billion yuan.

—In 1994 the planned domestic and foreign debts are 129.245 billion yuan, an increase of 39.361 billion yuan over the 1993 figure.

- Expenses for productive capital construction totaled 73.187 billion yuan in 1993; and this year the expenses are planned for 60 billion yuan.
- Non-productive capital construction expenditures were 19.519 billion yuan in 1993; and this year the expenditures are planned for 19.486 billion yuan.
- Expenses for building the state power amounted to 102.406 billion yuan in 1993, including administrative expenses of 54.033 billion yuan and 43.248 billion yuan for national defense; and this year the expenses for building the state power are planned for 119.199 billion yuan, including administrative expenses of 61.359 billion yuan and 52.04 billion yuan for national defense.
- Subsidies to make up for losses in productive enterprises totaled 20.727 billion yuan and subsidies to compensate for price rises stood at 29.622 billion yuan last year; and this year the subsidies to make up for losses in productive enterprises are planned for 16.634 billion yuan and the price rise subsidies at 37.342 billion yuan.
- In 1994 the total investment in agriculture in the state finance will amount to 52.3 billion yuan, an increase of seven billion yuan over the 1993 figure.
- In the 1994 draft state budget, expenses for undertakings in education and in science will rise, respectively, by 18.5 percent and 19.8 percent, over the 1993 amounts. Both growth rates are greater than the growth in revenue.
- Starting this year, covering the deficit will depend entirely on debts without borrowing bank loans.
- On January 1, 1994, China began to institute a revenue-sharing system based on a rational division of responsibilities and rights between the central and local authorities.
- This year the country will improve the grain reserve network, establishing a natural disaster relief fund at the two levels of the central and local governments, appropriately raising the purchasing prices of grain and cotton when the new grain and cotton are put on the market this year.
- The country will bring investment in fixed assets under strict control. Everything must be carried out in strict compliance with the state budget, and neither reductions in revenue nor increases in expenditures are allowed.
- Efforts will be made to integrate price reform with transformation of the operational mechanism of state enterprises in order to eliminate subsidies to them for operational losses and reduce subsidies to those suffering losses due to policy changes.
- The management of tax collection will be improved and no taxes may be contracted, and no tax rates may

be arbitrarily altered. Governments at all levels and every government department may reduce or exempt taxes only in cases as stipulated in the tax laws.

Analyzes Increased Spending

OW1103062394 Beijing XINHUA Domestic Service in Chinese 0252 GMT 11 Mar 94

[Text] Beijing, 11 Mar (XINHUA)—Finance Minister Liu Zhongli submitted his "Report on the Implementation of the State Budget for 1993 and on the Draft State Budget for 1994" to the Second Session of the Eighth National People's Congress [NPC] today. His report said that, generally speaking, the 1993 state budget was well implemented.

Liu Zhongli said in the report: Total state revenues in 1993 came to 511.482 billion yuan (including the income of 69.384 billion yuan from domestic and foreign debts), up 23.2 percent over the previous year and fulfilling 113.1 percent of the budget. Total state expenditures amounted to 531.982 billion yuan (including the spending of 33.735 billion yuan in payment of principal and interest of domestic and foreign debts), up 21.2 percent over the 1992 figure and fulfilling 112.5 percent of the 1993 budget. This resulted in a deficit of 20.5 billion yuan, which was not in excess of the budgeted figure. While this central deficit of 20.5 billion yuan was within the budget limit, the revenues and expenditures in local budgets were balanced.

According to Liu Zhongli's analysis, the over fulfillment of revenues by a big margin was mainly due to three factors: First, the national economy's sustained, rapid growth caused an increase in revenues. Second, improved macroeconomic regulation and control measures yielded positive results and remarkably reduced revenue losses. Third, the central authorities decided to implement in 1994 the tax assignment system, under which the central government will reimburse local governments a certain amount of tax revenues based on their 1993 figures. The new system aroused the local governments' enthusiasm for revenue collection, and they took a number of measures to strictly collect taxes, manage revenues, and prevent tax evasion. As a result, revenues increased by a big margin in the fourth quarter.

Liu Zhongli said: Expenditures far exceeded the budgeted figures. It was mainly because of the principle of balance between revenues and expenditures. Under the principle, local governments, after delivering to the state the contracted amount of revenues, are permitted to spend more if they collect more. So, the large increase in local revenues led to a corresponding increase in local expenditures. The increased local expenditures show that most were reasonable increases, necessary to meeting the needs of reform, construction, and other undertakings. However, we should also see that the problems of starting unauthorized projects and wasting administrative and operating funds remained quite serious. A small number of localities even recorded false

spending. These problems were also an important cause for the expenditures exceeding budgeted figures.

Stresses Controlling Total Expenditures

OW1103063994 Beijing XINHUA Domestic Service in Chinese 0257 GMT 11 Mar 94

[Text] Beijing, 11 Mar (XINHUA)—While delivering the "Report on the Implementation of the State Budget for 1993 and the Draft State Budget for 1994" today at the Second Session of the Eighth National People's Congress, Finance Minister Liu Zhongli stressed the need to control total expenditures and to ensure key expenditures.

Liu Zhongli said: To basically maintain a balance between total social supply and demand and to alleviate inflationary pressure, we should still adhere to the principle of tightening control over expenditures in preparing this year's state budget. In preparing financial expenditures, we must consider our financial capability, ensure funds for key projects, and tighten control over investment in general projects. He stressed: This year, in addition to continuing to increase investments in agriculture, education, science and technology, infrastructure facilities, and other key areas, and in addition to ensuring a necessary increase in funds for national defense and judicial and public security departments, we should give priority to ensuring expenditures for wages and the state's grain storage expenses. By no means should we allow using workers' living expenses to launch new projects.

Liu Zhongli said: Localities who are still holding out workers' wages should decidedly stop or postpone the construction of projects using funds for other purposes; units that are still holding out workers' wages are not allowed to buy sedans or other high-grade consumer products. He stressed that finance departments at all levels must place great importance on this issue.

Liu Zhongli also called for strictly controlling the scale of fixed asset investment. He said: Except for those projects that have been approved and of which construction has to be carried out, no new projects should be launched. The construction of projects for which funds are not secured and of which the economic efficiency is not definite should be decidedly stopped or postponed.

Liu Zhongli pointed out in his report: Currently, wasting funds is a quite serious problem. Many units demand high standards for interior decoration and new equipment; the practice of sightseeing in the name of attending meetings and using public funds for dining and wining continues despite repeated banning. In particular, many units lack effective control over their organizational size; as a result, their personnel expenses take up a large portion of their development funds. Therefore, this year, we should focus on reducing personnel, automobile, and meeting expenses; forcefully promote the good tradition of working hard and living a frugal life; and urge the vast numbers of cadres and the masses to combat waste and

excessive spending. At the same time, as the price reform deepens, we will gradually reduce financial subsidies—the total subsidy amount must not exceed the budgeted amount. We should deepen the reform of institutions' financial management and should continue to encourage and support them in increasing income within the bounds of established policies and laws and in implementing the comprehensive revenue-expenditure planned management involving all revenues and expenditures. We should resolutely and thoroughly implement the policy of separating revenues from expenditures. Income from leasing lands and selling public houses should be included in the revenues under budgeted management so that unified budget management can be exercised.

Further on Chen Jinhua, Liu Zhongli Reports at NPC

OW1103072794 Beijing XINHUA Domestic Service in Chinese 0220 GMT 11 Mar 94

[Text] Beijing, Mar 11 (XINHUA)—The Second Session of the Eighth National People's Congress [NPC] held its second meeting here at the Great Hall of the People this morning and heard the report on the implementation of the 1993 national economic and social development plan and the draft plan for 1994 delivered by Chen Jinhua, minister in charge of the State Planning Commission; and the report on the implementation of the 1993 state budget and the draft state budget for 1994 delivered by Finance Minister Liu Zhongli.

In the report delivered at the request of the State Council, Chen Jinhua said: Generally speaking, the 1993 plan for national economic and social development was successfully implemented. China's social production continued to increase rapidly; its key projects construction and technological transformation strengthened; its foreign trade and economic and technological exchanges expanded further; business in its domestic markets was brisk; its science and technology, education, and other social undertakings developed vigorously; and the livelihood of its urban and rural people continued to improve.

He said: In 1993, we scored major successes in the national economy. At the same time, there were still prominent contradictions and problems in our economic life. These problems, which occurred in the midst of progress, aroused the serious concern of governments at all levels. Vigorous measures have been taken or are being taken to resolve them.

Chen Jinhua put forward six major tasks for this year's national economic and social development: 1) persistently attaching prime importance to agriculture and developing the rural economy in an all-around way; 2) running well large and medium state-owned enterprises by vigorously readjusting their structures, improving their management and operations, and raising efficiency; 3) maintaining a reasonable amount of investment in fixed assets and optimizing the investment structure; 4)

opening wider to the outside world and actively and effectively using foreign capital, resources, technologies, and markets; 5) earnestly shifting economic construction onto the path that relies on scientific and technological progress, and further developing educational undertakings; and 6) improving the people's livelihood continuously and developing various social undertakings.

Chen Jinhua stressed the need to strengthen and improve macroeconomic regulation and control to fulfill the 1994 national economic and social development plan in an all-around way. For this purpose, the report points out: The basic point of departure in carrying out macroeconomic regulation and control is to maintain balance and unity between reform, development, and stability. The main task of macroeconomic regulation and control is to maintain a rough balance between the total demand and total supply in society. We must exert efforts to control the size of the increase in the general level of commodity prices. The macroeconomic regulation and control system needs to be continuously improved in the course of in-depth reform.

In the report delivered at the request of the State Council, Liu Zhongli said: Total state revenues in 1993 came to 511.482 billion yuan (including income of 69.384 billion yuan received from domestic and foreign debts), covering 113.1 percent of the budget and up 23.2 percent compared to the previous year. Total state expenditures amounted to 531.982 billion yuan (including 33.735 billion yuan spent to pay for the principle and interest of domestic and foreign debts), equalling 112.5 percent of the budget and up 21.2 percent over the 1992 figure. This resulted in a deficit of 20.5 billion yuan, which was not in excess of the budgeted figure.

Liu Zhongli said: In accordance with the provisions of the original contract financial responsibility system, localities, based on the principle of achieving a balance between revenues and expenditures, were allowed to spend more from increased revenues after fulfilling the contracted task under the system. As a result, the large increase in local revenues brought about a corresponding increase in expenditures. This was the primary reason why total state spending considerably exceeded the budgeted figure.

Liu Zhongli pointed out: Overall, the 1993 state budget was well implemented. Under the unified leadership of party committees and governments, fiscal and taxation departments at all levels have done much work to ensure the continuous deepening of reform as well as a sustained, rapid, and healthy development of the national economy. He then said: We are now in an important period in which the economic structure is being transformed and the economy is developing rapidly. Not only is the contradiction between the supply of funds and the demand for funds very sharp, but management in various sectors urgently needs to be improved. To solve these problems once and for all, we will comprehensively reform the fiscal and taxation systems this year according to the decisions and unified arrangements of

the party Central Committee and the State Council. We will seize this opportunity to further improve fiscal and taxation management and gradually establish fiscal and taxation operating mechanisms, meeting the requirements of the socialist market economy so that fiscal and taxation management will be standardized and legally institutionalized, and so the country's financial situation will be improved as soon as possible.

Liu Zhongli stated: This year's state budget is again drafted according to the principle of tightening control over expenditures so as to maintain a basic balance between total supply and total demand, and to alleviate inflationary pressures. The guiding ideology is to implement in an all-round manner the guidelines of the 14th party congress and the third plenary session of the party's 14th Central Committee; to ensure the smooth progress of reform of the fiscal and taxation systems as well as other major economic reforms; to continue to strengthen and improve macroeconomic regulation and control; to actively develop financial sources, pay attention to improving enterprise efficiency, and make the growth of financial revenue commensurate with economic development; to persistently act according to our capacity; to readjust the expenditure structure; to appropriately increase investment in agriculture, education, science and technology, infrastructure, and other major projects; to maintain a necessary increase in expenditures for national defense, judicial, procuratorial, and public security departments; to strictly control investment in general fixed assets and expenditures for consumption; and to promote a sustained, rapid, and healthy development of the national economy as well as all-round social progress.

Liu Zhongli added: According to the general plans of the party Central Committee and the State Council, this year we have conducted a major reform of the fiscal and taxation systems and the system of profit distribution in state-owned enterprises. After reforming the fiscal and taxation systems, the size [kou jing 0656 1777] of the budget has somewhat changed. According to the guiding ideology for drafting the budget and its changed size, we have made initial arrangements for the 1994 budget: state revenues total 475.995 billion yuan (exclusive of income from domestic and foreign debts), up 7.7 percent over last year in terms of comparable items; expenditures amount to 542.914 billion yuan (exclusive of repayments for principal and interest of domestic and foreign debts), an increase of 15 percent over last year in terms of comparable items. This leaves a deficit of 66.919 billion yuan.

Liu Zhongli called on fiscal and taxation departments at all levels to seize this opportune time, seek truth from facts, change their work style, and work hard to ensure the success of reform of the fiscal and taxation systems and implementation of the budget. To this end, he pointed out: It is necessary to do solid work to ensure the desired results will be achieved in the reform of the fiscal and taxation systems. Efforts should be made to improve and strengthen macroeconomic regulation and control

and to promote a sustained, rapid, and healthy development of the economy. We should seize this opportune time to reform the fiscal and taxation systems as well as to improve and strengthen the levying and management of taxes. We should improve the method of issuing treasury bonds to make it a success. We should keep the total amount of expenditures under control and make certain there are funds for key projects.

At the invitation of the NPC Standing Committee, members of a Finnish Parliament delegation led by its speaker Riitta Uosukainen, which was on a goodwill visit to China, attended today's meeting as observers.

The executive chairmen of today's meeting were: Wang Bingqian, Sun Qimeng, Wang Guangying, Tomur Dawamat, Wu Jieping, Ma Wanqi, Wang Chaowen, Mao Zhiyong, Bai Qingcai, Liu Fusheng, Ruan Chongwu, Li Zemin, He Zhukang, Liu Suinian, Huanjue Cenam, Jia Zhijie, Yan Haiwang, Cheng Weigao, and Pu Chaozhu. Wang Bingqian presided over today's meeting.

Figures Issued

OW1103013194 Beijing XINHUA in English 0117
GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—The ongoing Second Session of the Eighth National People's Congress (NPC) held its second meeting here today, hearing reports on the country's economic and social development as well as the state budget.

At the meeting presided over by Wang Bingqian, an executive chairman of the session Presidium, Chen Jinhua, minister in charge of the State Planning Commission, delivered a report on the implementation of the 1993 plan for national economic and social development and a similar draft plan for 1994. Liu Zhongli, minister of finance, made a report on the implementation of the 1993 state budget and a draft state budget for 1994.

Chen Jinhua said in 1993 China's social production continued to increase rapidly, with its gross domestic product (GDP) reaching 3,138 billion yuan, up 13.4 percent over the previous year. Investment in fixed assets nationwide reached 1,182.9 billion yuan, up 50.6 percent over the previous year, or 22 percent with inflation taken into account.

Chen listed major macro-control targets for the 1994 national economic and social development plan, which, he said, has taken into consideration both requirements for a sustained, rapid and healthy economic development and the necessity to create a relaxed environment for implementing various major reforms to be carried out this year.

Liu Zhongli told more than 2,800 deputies that total state revenues in 1993 came to 511.482 billion yuan, up 23.2 percent over the previous year, while total state expenditures amounted to 531.982 billion yuan, up 21.2

percent over the 1992 figure. This resulted in a deficit of 20.5 billion yuan, which was not in excess of the budgeted figure.

While revenues and expenditures in local finances increased considerably in 1993, those in central finances failed to reach budgeted figures. Moreover, although revenues in local finances increased substantially, turnover tax revenues in central finances were much less than the budgeted figure, thereby aggravating the difficulties of central finances, Liu said.

Therefore, he added, this year's state budget has again been drafted according to the principle of tightening control over expenditures, with a view to maintaining a basic balance between total supply and total demand and alleviating inflationary pressures.

Under the circumstances, the guiding ideology for drafting the 1994 state budget has been to continue to strengthen and improve macro controls, work hard to open up new revenue sources, improve the economic performance of enterprises and make revenue increases commensurate with economic development, the minister noted.

Spokesman Explains Reasons for Moving Up NPC Opening Date

OW1103115894 Beijing XINHUA Domestic Service in Chinese 0839 GMT 11 Mar 94

[By correspondents Zhao Wei (6392 5898) and Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 11 Mar (XINHUA)—The Second Session of the Eighth National People's Congress [NPC] officially opened in Beijing on 10 March. Observant people have noticed that this year's NPC session had been moved up five days from last year's.

The opening date of the annual NPC session has been moved up for several years in a row. According to Zhou Chengkui, spokesman for the NPC Standing Committee's General Office, this reflects the continuous improvement of the people's congress system.

During an interview, Zhou Chengkui said: The first session of the eighth NPC was held seven days earlier than the seventh NPC, and the opening date of the current session was advanced five days from that of last year. If possible, the opening date may be moved up progressively in the future.

It is understood our country's fiscal year coincides with the calendar year, commencing on 1 January and ending on 31 December. According to our country's legally prescribed procedures, the government implements the state's annual budget only after the NPC has examined and approved it. In the past, if the NPC session was held in March or April, it would be considered early. Under such circumstances, budget plans were implemented long before they were approved.

Zhou Chengkui stated: To redress this situation, the NPC Standing Committee decided to move up the NPC session progressively, following a period of deliberations and preparations and against the backdrop of the country's gradual standardization and modernization of its statistical work and other endeavors. The decision was aimed at achieving an ideal date for the session—holding the NPC session in January of each year. He explained: We have to go through a certain process before attaining this goal. One of the reasons is that it is still quite difficult, due to technical and other reasons, to complete the compilation of statistics on the previous year's national economic performance by January of each year.

Chengkui added: This problem will be solved in a step-by-step manner after the market economic system has been established, and as the method of compiling statistics becomes increasingly modern. Also, our country's statistical work will become more perfect if the opening date of the NPC session is gradually moved up.

These correspondents were advised of the growing institutionalization, standardization, and codification of the NPC system in recent years. This point is corroborated by the formulation and implementation of the rules of procedure for the NPC Standing Committee and for the NPC, by the annual briefings given by relevant State Council departments to the NPC Standing Committee on issues of public concern, and by supervisory efforts in the wake of the implementation of various laws. Constantly moving up the NPC session also symbolizes the improvement and refinement of this system.

Hong Kong NPC, CPPCC Members Support Mainland Stance

OW1003153094 Beijing XINHUA in English 1452
GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—Public figures from Hong Kong said here today that they support the Chinese Government's stand on Hong Kong issue and will make their best to cooperate with the mainland to ensure a smooth transfer of power in Hong Kong.

Hong Kong deputies to the Eighth National People's Congress (NPC) and members of the Eighth National Committee of the Chinese People's Political Consultative Conference (NPC) [as received] expressed their stand while attending the current NPC session and the second session of the CPPCC National Committee.

Delivering a government work report this morning, Premier Li Peng expressed the hope that the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administrative Region will unite with the largest possible number of Hong Kong compatriots in preparing for the establishment of the Hong Kong Special Administrative Region, its first government and its legislature.

Tsang Hin Chi, Liu Yiu Chu, Tsang Yok Sing and Tsui Sze Man, members of the Preliminary Working Committee, said that the committee will live up to the expectation of the whole nation and make every effort to lay down a sound foundation for a smooth transition.

Tsang Hin Chi, vice-chairman of the Chinese Chamber of Commerce in Hong Kong and chairman of the Goldlion (Far East) Co., Ltd., said the British Government has adopted an uncooperative attitude on the issue of the political structure in Hong Kong when the British colonial rule will come to an end in Hong Kong soon. In such a case, it accords with the will of the people to accelerate work pace of the Preliminary Working Committee, which is confronted with an arduous task and great responsibility.

Solicitor Liu Yiu Chu said the Preliminary Working Committee is confident in its work no matter what happens.

They said Premier Li Peng's remark on Hong Kong issue in his report shows China's determination and ability to resume the exercise of sovereignty over Hong Kong.

Tsang Yok Sing, member of the CPPCC National Committee and chairman of the Democratic Alliance for the Betterment of Hong Kong, said that Hong Kong Governor Chris Patten tabled to the Legislative Council the remaining parts of his political reform bill on March 9. This is another serious and uncooperative step that the British Hong Kong authorities have taken to insist on their stand of violating the Sino-British Joint Declaration, the convergence with the basic law and agreements and understandings reached between China and Britain.

He said that the Preliminary Working Committee is proceeding in a planned way. Whatever attitude and step the British side and British Hong Kong authorities will adopt will have no impact on the work of the Preliminary Working Committee which started its work under the non-cooperation of the British side from the very beginning.

Tsui Sze Man, a Standing Committee member of the CPPCC National Committee, exposed British Hong Kong authorities' hypocrisy in spreading "accelerating democracy." The Preliminary Working Committee will listen to opinions of Hong Kong people, unite with all the forces that can be united with and make contributions to the smooth transition and maintaining Hong Kong's prosperity and stability.

Article Notes Additions to Li Peng's Government Work Report

HK1103091894 Hong Kong WEN WEI PO in Chinese
11 Mar 94 p A3

["Special article" by staff news team: "Latest Amendment to Li Peng's Report"]

[Text] Beijing, 10 Mar (WEN WEI PO)—Premier Li Peng's government work report has been prepared since the end of last year. The original draft was amended several times. By extensively soliciting views from all quarters, it became a draft that reflects all their views. A few days ago, the report was issued to members of the National People's Congress [NPC] and the Chinese People's Political Consultative Conference who would be attending the sessions. It should be noted that there were four new additions to the work report when when Li Peng read it today.

First, there were the contents on helping the poor, which read: "Conscientiously carry out the poverty assistance plan. The plan is intended to help poverty-stricken areas—especially former liberated areas, minority nationality areas, and border areas—solve the problem of food and clothing for some 80 million people and to help them out of poverty in the seven years from now to the end of this century. This is the unshirkable duty of governments at all levels. We believe that this plan surely will be ardently supported by people across the country." This was inserted into the paragraph on agriculture and the rural areas in the second part of the work report and obviously was related to the National Poverty Assistance Conference, which preceded the NPC session. One can see from this that the central authorities have attached more importance to the issue.

Regulating the Widening Income Gap

Pertinent to the above were the added remarks regarding improving the people's living standards in the second part of the work report, in light of the widening gap between rich and poor in China today. They read: "In the meantime, it is necessary to carry out necessary regulation of the excessively widening income gap through a policy of rational distribution and the regulatory role of tax revenue."

Exactly 100 characters were added to the paragraph on the Hong Kong issue in today's work report, namely: "In keeping with the Basic Law and the decisions of the NPC standing committees, the Preliminary Work Committee [PWC] of the Preparatory Committee of the Hong Kong Special Administrative Region [SAR] has begun its work. Its tasks are formidable and its responsibilities are great. I hope the PWC will unite Hong Kong compatriots to the greatest possible extent and will make all good preparations for setting up the Hong Kong SAR and its first government and legislature in such a way that it will live up to the expectations and earnest trust of people across the country."

The emphasis of the remarks naturally stresses the work of the PWC and surely will draw the exceedingly great attention of the Hong Kong community and media. Here one can see the Chinese Government's firm position on the British uncooperativeness and confrontation.

On the Human Rights Issue

In today's work report, the largest proportion and weight were added to the paragraph on human rights, in that the following remarks were added in the last paragraph of the seventh part (on diplomacy): "China attaches importance to human rights and is willing to participate in discussions on the human rights issue with the international community on the basis of mutual equality. However, it never allows anyone to interfere with China's internal affairs on any pretext. The Chinese Government supports the UN Human Rights Commission in its recent denouncement of some countries that exert pressure on developing countries."

"Deputies, I am going to announce to every one of you a piece of information which I have just received. Last night, the UN Human Rights Commission once again voted against and thwarted an anti-Chinese resolution proposed by some countries! This fully demonstrates that there is no popular support for the use of the human rights issue against China. Here, on behalf of the Chinese Government and people, I express my heartfelt to the various countries that uphold justice and that support China!"

We can say this was China's good counterattack against the pressure and interference of the West over the human rights issue. It was made on just grounds and it was reasonable and restrained. It also demonstrates the poise of a great country.

Article Examines Work Report's Conciseness

OW1103105994 Beijing XINHUA Domestic Service in Chinese 1201 GMT 10 Mar 94

[By reporters Li Shangzhi (2621 1424 1807) and He Ping (0149 1627): "To Be Pragmatic Is Important—An Account of Listening to the Government Work Report as Visitors"]

[Text] Beijing, 10 Mar (XINHUA)—Applause again sounded in the Great Hall of the People.

As the spring breeze is blowing over the vast land of China, Premier Li Peng, faced by the deputies to the Second Session of the National People's Congress [NPC], once again walked to the platform of the 10,000-seat auditorium to begin delivering his seventh government work report since his assumption of the premiership.

His report went from reviewing the domestic work last year to spelling out the basic principles for work this year; from maintaining the sustained, rapid, and healthy development of the national economy to accelerating the establishment of the socialist market economic structure; from developing science and technology, education, and culture to strengthening the building of socialist democracy and the legal system; and from promoting the peaceful reunification of the motherland to expounding on China's foreign affairs work....

Condensed in his 16,000-character report were the part reviewing the domestic work of the past year, the part on future prospects, the part on domestic and foreign policies, and the part on principles and tasks.

People will notice, through a comparison, that this year's government work report, because it concentrated on the main points and was concise, was the shortest government work report in the past 15 years.

A person in charge of the government work report drafting group explained the reason: One of the reasons for shortening the work report is that the national major policies and principles have been clearly defined. In particular, the basic principles for party and national work this year mapped out by the party Central Committee, as well as the general situation characterized by "seizing opportunities, deepening reform, opening wider to the outside world, promoting development, and maintaining stability," provided a good foundation for the drafting of the work report. Therefore, the government work report, which was more concise than past reports, while focusing on the implementation of the important guidelines of the Central Committee, concentrated on the major tasks to be carried out by the State Council this year. It did not list the 1993 achievements of each ministry and its tasks for 1994.

Although the work report was concise, it was rich in content. On the basis of the basic principles for party and national work and in the interest of the whole party and national work, the report, from the angle of government work, put forward a series of measures concerning the correct handling of the relationships between reform, development, and stability.

—"Development is the last word." Development requires a rational growth rate. Neither an excessively high growth rate nor an excessively low growth rate can realize our projected targets. In his report, Premier Li Peng proposed that the gross domestic product will increase by 9 percent this year. At the same time, he stressed the "importance of raising economic performance." Authoritative sources commented that this is a positive and steady growth rate. This shows that the government is becoming more mature in understanding the laws governing economic development.

For today's China, whether the economy can develop significantly depends, in the final analysis, on the intensity, depth, and breadth of reform and opening up, as well as on the acceleration of the drive for building a socialist market economic system. The 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee produced a general blueprint and an action program for this purpose. The government work report, therefore, did not simply repeat this point but highlighted tasks in six areas in light of the demands outlined in the government work report, the distinctive aspects of this year's situation, and the reform plans, which had been basically introduced, on financial, taxation, banking, investment, and foreign

trade systems. It also urged governments at all levels to "devote greater efforts to reform," to combine breakthroughs in key areas with package reform, and to make substantial progress in reform of the economic system.

Whether in reform or development, we cannot proceed without a stable and relaxed environment; otherwise, discussion of anything is out of the question. It is evident that the many reform and development measures enumerated in the report are sound strategies for maintaining stability because they are designed to control inflation and the scale of investment, to appropriately increase the purchase prices of grain and cotton, to alleviate peasants' burdens, to increase peasants' incomes by all means, to relieve all state-owned enterprises of their obligations to contribute to construction funds for key energy and transportation projects and to regulatory budget funds, to allocate special funds for reorganizing bankrupt enterprises and for reassigning their workers and staff members, to control price increases and stabilize foodstuffs prices in urban and rural areas, to continue to battle corruption in a deep-going and sustained manner, and to intensify efforts to improve public order in a comprehensive way. All this will serve the sole purpose of creating a good environment for reform and development.

Reform, development, and stability are complementary, and none of them is dispensable. This is the result of summing up and reviewing our past experience, as well as a six-character dictum for carrying out all of our tasks successfully.

As in the case of government work, the report reflected a practical style throughout.

—In the past, any discussion of economic work invariably entailed an attempt to use increases in output value as an important criterion for evaluating performance. This year's report, however, replaced the phrase "output value" with the formulation "added value."

Authoritative people are of the opinion that the main difference between the two phrases lies in the fact that the phrase "added value" excludes the prices of intermediary inputs, such as raw and semifinished materials and energy. This helps avoid such deficiencies as the repetitive calculation and transfer of prices, overcomes the tendency to unduly stress output value, and places greater emphasis on efficiency in our country's economic development. Moreover, it reflects the end result of social production more truthfully.

—While realistically outlining our achievements, the report frankly pointed out shortcomings and inadequacies in our work and truthfully set forth contradictions and difficulties: The investment scale for fixed assets is overextended; commodity prices have increased by a relatively large margin; the problem of an irrational economic structure remains salient; some state-owned large and medium enterprises face considerable difficulties in production and management;

public order in some localities is bad; the fight against social ills is not forceful enough; a handful of government functionaries engage in corrupt practices such as embezzlement, bribery, favoritism, and fraud; and formalism and bureaucratism exist in government departments...[ellipses as received]

Only a people's government has the courage and magnanimity to confront deficiencies and acknowledge difficulties instead of eschewing problems and disguising contradictions; only a people's government can improve its work, promote what is beneficial, and eliminate what is harmful with the support and under the supervision of the general public in order to better serve the people.

—Compared to previous reports, this year's report placed greater emphasis on spiritual civilization. Past government work reports subsumed science and technology, education, and culture on the one hand, and democracy and the legal system on the other, either under the section dealing with economic construction or the section dealing with social development. This year's report specifically discussed issues in these two areas under two independent sections, thus giving greater weight to such issues than in the past. This shows that in keeping the general situation under control, government departments place a greater premium on the coordinated development of the economic base and the superstructure, paying more attention to overall social progress. Comrade Deng Xiaoping's strategic concept of "carrying out two tasks simultaneously and attaching equal importance to both" is being implemented further.

After the drafting work began in mid-December of last year, the government work report submitted to the Second Session of the Eighth NPC for examination and approval was discussed and revised many times by the State Council's executive meetings and by meetings of the CPC Central Committee Political Bureau and its Standing Committee. Various localities and departments, as well as people in all circles, were canvassed extensively. Premier Li Peng even held five rounds of informal discussions to hear the views of officials in charge of various democratic parties; people with no party affiliation; people in scientific and technological, educational, and cultural circles; and some comrades from public security and judicial departments at the grass-roots level, enterprises, and institutions. The range of opinions canvassed was broader than before. People can see that the party's fine tradition of promoting democracy and drawing on all useful ideas is being expanded during the new period.

At the end of its delivery, the report was greeted with warm, prolonged applause from deputies, who represent 56 nationalities, in a gesture of trust and support.

Fujian, Qinghai, Sichuan Officials Support Li Work Report

OW1003153394 Beijing XINHUA in English 1507 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—Leaders of Fujian, Qinghai and Sichuan Provinces expressed full support for various policies spelled out in the government work report delivered by Premier Li Peng this morning.

In a panel discussion to examine the report, Fujian Provincial Governor Jia Qinglin said, "The government work report reflects the spirit of seeking truth from facts, as well as the interests and wish of the people of various nationalities. It also spells out guiding principle for our work."

He said that governments at all levels must follow the guideline of seizing the current opportunity for development, deepening reforms, opening China wider to the outside world, promoting economic development and maintaining social stability.

Moreover, they must also properly handle relations between development, reform and stability, he noted.

The report stresses the need to speed up the establishment of a socialist market economic structure, and that fully conforms to reality in coastal Fujian Province, he said.

Over the past few years, Fujian has sought to create a market economy and to adopt internationally accepted practices in its economic activities, he said.

"This year we shall conscientiously implement a serious of new reform measures formulated by the central government, while taking supplementary measures so as to make breakthroughs in key areas," he said.

Qinghai Governor Tian Chengping also expressed support for the principles, goals and tasks put forward in the government work report.

He said that reform in the next stage is a Herculean task since it is expected to achieve breakthroughs in key fields. Reform of enterprises, finance, monetary and investment sectors calls for consensus of all localities and departments throughout the country and all of them are expected to make concerted efforts for the common goal.

Continued reform will also inject vitality in economically backward Qinghai Province and promote its development, he said.

Tian also mentioned economic disparities between interior regions and coastal provinces. He expressed the hope that the state would establish a special organ in charge of developing western regions. It is necessary to work out a specific goal and program, announce concrete support policies and increase investment in infrastructural construction in the western regions, he said.

Upon hearing the government work report, Li Ziliu, mayor of Guangzhou City, pledged that his city will carry out the new taxation system to the letter.

He said a guideline in the government work report is to handle well relations among reform, development and stability. The guideline is imperative for Guangzhou, a pioneer in China's reform and opening to the outside world.

Xie Shijie, secretary of Sichuan Provincial Committee of the Communist Party of China, said that he feels "The achievements are great, the task is arduous, the responsibility is great and the goal is promising" after hearing the report. He said Sichuan will further expand opening up to promote its development.

Leaders Gather Before NPC Opening Session

OW1103050394 Beijing XINHUA Domestic Service in Chinese 0956 GMT 10 Mar 94

["Feature" by RENMIN RIBAO reporter Yang Zhenwu (2799 2182 2976), Central People's Broadcasting Station reporter Liu Zhenying (0491 2182 5391), and XINHUA reporters Li Shangzhi (2621 1424 1807) and He Ping (0149 1627): "Work With One Heart and Struggle in Unison"]

[Text] Beijing, 10 Mar (XINHUA)—On the morning of 10 March, the hour hand of the clock approaches "9." The Second Session of the Eighth National People's Congress [NPC] will soon open at the Great Hall of the People. The magnificent meeting hall is all lightened up; all NPC deputies are waiting for the arrival of the solemn moment. In the capacity of the executive chairman of the Second Session of the Eighth NPC Presidium and as executive chairman of today's session, Chairman Qiao Shi will preside over the session's opening ceremony. As soon as he entered the lounge, he cordially shook hands with and extended his regards to Vice President Rong Yiren, and then sat down next to Ann Tse Kai, vice chairman of the Eighth National Committee of the Chinese People's Political Consultative Conference [CPPCC]. He asked Ann Tse Kai with concern if she could get used to life in Beijing since she just arrived from Hong Kong, and then talked about resuming sovereignty rights over Hong Kong. Qiao Shi said: On the Hong Kong issue, our stand is consistent. The responsibility for the breakdown of the Sino-British talks on the Hong Kong issue is totally on the British side. We are firm and unshakable in resuming sovereignty rights over Hong Kong in 1997.

Speaking of the Second Session, Qiao Shi said: "This year's work and objectives have been clearly defined. According to the responsibility entrusted to the NPC by the Constitution, we should quicken the pace of legislation, strengthen supervision, regularize the socialist market economic system, and ensure that the state's major policies are smoothly and thoroughly carried out."

At 0850, General Secretary Jiang Zemin entered the lounge and sat down next to CPPCC National Committee Chairman Li Ruihuan. They talked about stepping up building socialist spiritual civilization. While they were chatting, Qian Qichen, vice premier of the State Council and foreign minister, approached Jiang Zemin and said: "The UN Committee on Human Rights has vetoed an anti-China resolution tabled by some countries." Jiang Zemin said: "Trying to make human rights an issue cannot win people's support. We should justly and forcefully refute them." Premier Li Peng, who had just come into the lounge, added: "I plan to make our stand clear on this particular issue in today's government work report." Jiang Zemin said: "Good!"

Turning to the Second Session, Jiang Zemin said: "Currently, the general situation is very good and the major principles and policies have been laid down. The key problem now is for people of all nationalities to work together with one heart and in a down-to-earth manner."

Premier Li Peng, who was about to step up to the podium to deliver a report on the government's work, smilingly told reporters: "Comrade Xiaoping has always favored short and solid reports. This year's report gives prominence to the theme of reform, development, and stability, and we have tried our best to make the report realistic. Comrades and friends from all sectors have offered many valuable opinions on the draft report; I am very grateful to them. I also hope that, during the Second Session, all NPC deputies and CPPCC National Committee members will speak freely and offer more opinions on the report."

"Reform is the driving force, development is the goal, and maintaining stability is the first priority. The general guidelines and principle for this year's work have been set; so, as long as we can properly handle the relationships between reform, development, and maintaining stability, and as long as we work with one heart and one mind, we will be in an impregnable position," added Li Ruihuan.

The atmosphere in the lounge was warm. Zhu Rongji, Liu Huaqing, Hu Jintao, and other comrades also cheerfully chatted with comrades sitting next to them.

Vice Chairman Tian Jiyun, who also is executive chairman of the Second Session Presidium, arrived at the Great Hall very early to inspect the preparatory work for the opening ceremony. He also inspected the podium's audio system. At the lounge, he asked Zou Jiahua: "At which delegation are you going to hear deputies' opinions?" Zou Jiahua replied: "I am a member of the Sichuan Provincial delegation." "The Sichuan delegation is a big one," Tian Jiyun said. "Sure, Sichuan's population accounts for 10 percent of the country's," Zou Jiahua said. The two leaders then discussed how to take effective measures to further improve large and medium state-owned enterprises.

Seeing Wei Jianxing, secretary of the Central Discipline Inspection Commission, coming toward him, Wu Bangguo, secretary of the Shanghai Municipal CPC Committee, stepped toward him and told him: "The day before yesterday, we relayed the Third Plenary Session of the Central Discipline Inspection Commission guidelines to lower levels; these guidelines are being further carried out." They said the anticorruption struggle must be carried out continuously and in a penetrating manner in the new year.

"You have been doing very well in Shandong!" said Wang Zhaoguo, vice chairman of the CPPCC National Committee, to Jiang Chunyun, secretary of the Shandong Provincial CPC Committee. "It is very kind of you. There is still a lot we need to learn from our fraternal provinces and municipalities," Jiang Chunyun said modestly.

Vice Chairman Wang Hanbin, who also is executive chairman of the Second Session Presidium, asked reporters to make sure they file more reports on the NPC's legislative work because it is an important assurance for building and refining the socialist market economic system, for accelerating economic development, and for promoting social progress.

The bell is ringing for the opening ceremony.

While walking to the meeting hall from the lounge, the leading comrades still enthusiastically chatted with each other. The discussions of those attending the Second Session—some of them may have or may not have seen each other often, some are and some are not CPC members, some are with the central authorities and some are from various localities, and many are from different posts and fronts—focused on one [as published] subject: reform, development, stability, and striving for new victories in the new year.

Economist Li Yining Says Securities Law Scheduled

OW1103035094 Beijing XINHUA in English 0330 GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Enactment of a securities law for China is expected late this year, according to economist Li Yining.

Li, who is attending the ongoing session of the National People's Congress (NPC) here as a deputy, said that a draft of the law, which has been submitted to the NPC Law Committee for revision, is expected to be submitted again to the NPC Standing Committee for deliberation in April.

Li, who is also an economics professor of Beijing University, said that, despite repeated changes, the soon-to-be-enacted law will always contain three principles: A tying of rights and interests with shares, unified management of the securities market, and opposition to such

practices as illegal trading, inside trading and procurement of shares through the abuse of power. This, he said, is to ensure open and fair operation of the securities market.

The Securities Law will have at least two "Chinese characteristics," Li said, although, for the most part, it will be compatible with internationally accepted practices.

The first characteristic will be that companies to issue shares will be subject to approval by competent authorities as well as to commonly-accepted practices.

The second will be a clear division between A-shares and B-shares. "the securities authorities will formulate special regulations on B-shares," Li Yining said.

According to Li, such stipulations are necessary because China so far has a very small number of certified public accountants for auditing.

Also, the inconvertibility of the Chinese yuan makes it impossible for the two types of shares to merge, he noted.

"As China's economy grows and the Chinese currency becomes convertible with the passage of time, a revision of the law is possible after its enactment," he said.

The ultimate goal is to make the new law compatible with internationally accepted practices and enable the Chinese securities market to adapt to the global securities market," he said.

Jiang Stresses Stability in Meeting With Regional Leaders

OW1003125894 Shanghai People's Radio Network in Mandarin 2300 GMT 8 Mar 94

[Live report via telephone by station reporter Yuan Hui on the sessions of the National People's Congress, NPC, and Chinese People's Political Consultative Conference, CPPCC, in Beijing—From the "Morning News" program]

[Excerpt] [Passage omitted] After a whole day of news gathering yesterday, I was impressed most of all by the emphasis given by the highest party and government leaders to maintaining stability. Two developments I found out about support this view.

At a brief meeting with leaders of the provinces and municipalities yesterday [8 March] morning, General Secretary Jiang Zemin repeatedly stressed the importance today of properly handling the relationship between reform, development, and stability. Reform and economic development should be carried out under the precondition of stability. Meanwhile, it is necessary to develop the economy by constantly advancing reforms to bring about long-term stability.

On the other hand, the Standing Committee of the Political Bureau of the CPC Central Committee adopted

a 10-character policy—democracy, realism, unity, stability, and motivational atmosphere—after examining a plan on the coverage of the NPC and CPPCC sessions, adding two characters for stability to last year's eight-character policy. Meanwhile, the Central Committee also called for the two democratic sessions to be permeated with an atmosphere promoting the free discussion of views. [passage omitted]

Data Services Attract NPC Deputies Seeking Information

OW1003125994 Beijing XINHUA in English 1236 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—A corner of the main lobby of the Great Hall of the People here became the busiest part of the huge edifice half an hour before the opening of the Second Session of the Eighth National People's Congress (NPC) at 9:00 AM [0000 GMT] today, as NPC deputies crowded around two data service counters there requesting information.

Set up in the southern side of the lobby are a statistics counter and a legal documents counter manned with 20 workers and equipped with seven computer terminals.

When the bell rang for the session to start in the hall's main auditorium, the desks had provided services for more than 100 deputies.

The two data service counters were set up by the State Statistical Bureau and the Legislative Affairs Commission of the NPC Standing Committee. The first has a data bank of rural social and economic statistics of China's 2,300 counties (cities), and the latter a data bank of state laws and decrees, international business conventions, and the market practices and norms of the United States, Japan, Germany, Britain and France.

This is the third year that such services have been provided for NPC deputies and members of the Chinese People's Political Consultative Conference [CPPCC] National Committee, according to Jin Zhaofeng, an official of the State Statistical Bureau. During last year's session, he said, about 1,000 deputies obtained data from the services.

Deputies have become increasingly eager to get information, he said. The service counters are expected to serve more deputies during the current session than before, he said, basing his prediction on his first day's experience.

Deputies are more selective about data than before, he said, and their selection reflects their concerns. For example, he said, many deputies asked for statistics concerning economic gaps between China's east and west, income disparities between southern China and northern provinces and such hot issues as China's growing migrating population of rural laborers seeking jobs.

Li Yangkai, a deputy from Liaoning Province and a senior engineer of an excavator plant, was satisfied with

information he obtained about patent rights. "This is exactly what I want," he said.

Tong Meijun, a member of the CPPCC National Committee and a research fellow of the economic and technological center of the Wuhan Iron and Steel Corporation, has visited the law-decree counter several times. She said she wanted to collect relevant laws and regulations of developed countries, which will serve as reference when her enterprise is transformed into a joint-stock company.

A deputy from Hunan Province said the services are valuable since many bills and suggestions to be raised by deputies involve legal issues.

Some journalists covering the session, including reporters from Hong Kong and Macao and foreign correspondents, also collected information from the counters.

Tibetan Delegate Calls for More Education in Inland Regions

OW1003134594 Beijing XINHUA in English 1333 GMT 10 Mar 94

[Text] Beijing, March 10 (XINHUA)—The central government has over the past 10 years set aside huge amount of money to support Tibetan students to study in inland provinces, which has helped train a large group of capable personnel for the economic construction of the Tibet Autonomous Region.

So far more than 12,000 Tibetan children have been enrolled in 86 state-funded secondary schools or classes in 26 provinces and autonomous regions of the country, according to a deputy to the current session of the Eighth National People's Congress.

Yang Chuantang, vice-chairman of the Tibet autonomous regional government, said today that more than 1,000 graduates of such schools have returned to work in Tibet and have been playing an important role in the region's economic construction and some have become leaders at various government levels.

Moreover, Yang noted, some 500 graduates have been enrolled in universities both in Tibet and in inland areas.

Yang said that such a way to get more Tibetan children educated has also greatly eased educational problems in agricultural and pastoral areas of the region where children have difficulties to go to school.

Dissident Leaves Beijing; Police Cordon Around U.S. Mission

HK1103041594 Hong Kong AFP in English 0401 GMT 11 March 94

[Text] Beijing, March 11 (AFP)—Three Chinese dissidents, including the leading pro-democracy campaigner Wang Dan, left Beijing early Friday [11 March] at police behest, just hours before the scheduled arrival of U.S.

Secretary of State Warren Christopher, a relative of Wang said. "Wang Dan left at 9:00 a.m. (0100 GMT) and headed for southern China," the relative said by phone, adding that the dissident would "probably be away for a week."

Wang, a former leader of the 1989 Tiananmen Square protests, was accompanied by fellow dissidents Zhou Duo, 46, and Min Qi, 41, who also took an active role in those demonstrations, the source said.

Police had interrogated Wang several times in recent days, in the runup to the Christopher visit but also a meeting of the National People's Congress (NPC), China's rubber-stamp parliament, which began Thursday. Wang on Thursday had said he had no intention of leaving Beijing, and issued a statement calling on the parliament to debate human rights.

Christopher, who was winding up a visit in Tokyo Friday before heading for Beijing, said human rights would be given top priority in his talks with Chinese leaders. He said on Thursday he did not have "any plans...at the present time" to meet pro-democracy activists.

The United States has told China it needs substantial progress in the field of human rights before it can renew most-favoured-nation trading status, which enables many Chinese exports to escape customs duty to the U.S. market. The decision is due in around three months. Wang was jailed for four years after the Tiananmen Square crackdown, and released in February last year. His family did not give any details Friday about his hurried departure from Beijing.

In another development, the Chinese authorities threw a police cordon around the U.S. embassy in Beijing, deploying dozens of police in uniform and plain clothes, an AFP reporter saw.

The exceptional move appeared to be part of efforts aimed at preventing all demonstrations during the high-profile NPC session and Christopher's visit. Besides Wang, at least seven other dissidents have been detained for interrogation, three of whom have been jailed. In addition, a Taiwanese journalist, working for the United Daily News [LIEN HO PAO] of Taipei, was detained and interrogated for three hours late Thursday after he met with teachers from the People's University of Beijing.

The journalist, Lai Chin-hung, who is in Beijing to cover the NPC, said he had no intention of leaving the city Friday.

Dissident Arrested in Shanghai 'For No Apparent Reason'

HK1103073494 Hong Kong AFP in English 0723 GMT 11 March 94

[Text] Beijing, March 11 (AFP)—Wang Fucheng, secretary general for the China Association for Human

Rights, was arrested Friday [11 March] by police in Shanghai, a spokesman for the group said.

"Wang was arrested early this morning for no apparent reason," spokesman and fellow dissident Yang Zhou said by telephone. Yang is a founder of the Peace Charter movement which was started in November last year.

Wang, 39, a private businessman who has long been involved in promoting human rights, spent three years in prison from 1979 for "counter-revolutionary" activities during the Democracy Wall movement in 1978-79. Chinese authorities' crackdown on dissidents has coincided with the opening of the annual National People's Congress (NPC) on Thursday and a visit to China by US Secretary of State Warren Christopher scheduled to begin later Friday. Several dissidents have been arrested in recent days and three of them were sent to prison.

Wang Dan, a leader of the 1989 pro-democracy demonstrations which culminated in the Tiananmen Square massacre in the capital, was forced to leave Beijing on Friday along with two other dissidents. Dissident Wei Jingsheng has also left for the countryside by order of the authorities.

Justice Minister on Detained Reporter, Activist Wang Juntao

HK1103073694 Hong Kong MING PAO in Chinese 11 Mar 94 p a2

["Special dispatch" from Beijing by staff reporter Tu Fu-liang (2629 4395 5328): "Ministry of Justice Says That Beijing Will Handle Xi Yang Case Leniently"]

[Text] Answering Hong Kong reporters' questions about MING PAO reporter Xi Yang, who has been detained for over five months, Chinese Justice Minister Xiao Yang said that if Xi Yang's performance is good, he will be treated leniently in keeping with the legal provisions of the authorities. But he did not give any further explanation.

Xiao Yang, who attended the National People's Congress [NPC] session as a nonvoting member yesterday, answered two questions by reporters regarding the Xi Yang incident as he was about to leave the session site.

[Reporter] What is the situation regarding Xi Yang?

[Xiao Yang] It has already been made known to the outside.

[Reporter] Will he be released?

[Xiao Yang] If his performance is good, he will be treated leniently in keeping with our legal provisions.

Moreover, he also said the authorities would consider whether or not to release the pro-democracy activist Wang Juntao, who is now ill in prison, ahead of time in keeping with the law and the actual situation.

He said that Wang Juntao is now in "very good" condition and that the authorities are treating his hepatitis B in line with their humanitarian policy.

On the other hand, seizing the opportunity afforded by the opening of the NPC and Chinese People's Political Consultative Conference [CPPCC] sessions in Beijing, representatives of the Hong Kong Journalist Association [HKJA] went to the XINHUA Hong Kong Branch to deliver an open letter to the NPC deputies and CPPCC delegates from Hong Kong yesterday, urging them to help in this matter and to inform the quarters concerned so that they would handle the Xi Yang case in a fair, open, and just manner and allow Xi Yang's family, employer, and lawyer to contact him.

In the letter, the HKJA specifically pointed out that it has been over five months since Xi Yang was arrested and detained on 27 September and that it has been over two months since the court began to handle his case. However, so far, there has been no news about his trial or a verdict. According to the PRC Code of Criminal Procedure, a court of law should pronounce judgment one month after it begins to handle a public prosecution or must do so not more than one and a half months at the latest. In view of this, the period since Xi Yang was turned over to the court has already exceeded that for ordinary public prosecutions.

Three representatives of the HKJA went to the XINHUA Hong Kong Branch yesterday but only HKJA chairman, Li Yuet-wah, was allowed in to deliver the letter. The two staff at the XINHUA Hong Kong Branch who received the letter, however, did not clearly promise to hand the letter to the NPC deputies and CPPCC delegates from Hong Kong. Li Yuet-wah quoted the XINHUA staff as saying that the case "would be handled according to procedure." Asked what procedure would be followed, the staff answered: "Some time has to be spent in order to handle the matter."

HKJA Executive Committee member Fang Su said: For nearly half a year since Xi Yang was detained, he has only been allowed to see his father on one occasion when they talked about things unrelated to his case. At the end of last year, a court official said that Xi Yang did not want to hire a lawyer but the HKJA doubts this. Moreover, Xi Yang has since been isolated and has not been able to see his employer or lawyer.

Fang Su said: The HKJA sent letters to the CPPCC delegates and NPC deputies from Hong Kong, the Preliminary Work Committee, and Hong Kong affairs advisers, asking for help in the matter and got some positive response, including the fact that some CPPCC delegates have relayed the matter to the relevant quarters on many occasions in the hope that the Xi Yang case can be handled leniently.

He added that for more than five months since Xi Yang was arrested and detained, people in the press circles have been very much concerned about him.

The HKJA urged the persons concerned to help again in line with their humanitarian spirit and the spirit of rule of law by relaying to the quarters concerned its requests which include respecting Xi Yang's proper legal rights; allowing him to see his family and the delegates and deputies and to contact his lawyer; conducting a trial in a fair, just, and open manner; allowing his family and representatives of his employer to attend at his trial; and allowing Hong Kong and overseas media to listen to and report the trial proceedings.

Police Try To Bar TV Crew Filming at Dissident's Home

HK1103140994 Hong Kong Television Broadcasts Limited in English 1200 GMT 11 Mar 94

[Correspondent Linda Lee report from Beijing, from the "News at Eight"—recorded]

[Excerpt] China's pro-democracy campaigner, Wang Dan, left Beijing early this morning, just hours before the arrival of U.S. Secretary of State Warren Christopher. A family member said Wang Dan left at 9 a.m. with two friends. He was said to have left in a rush to southern China, for probably a week. Wang has been detained by police several times over the past few weeks. It is believed he was warned by the authorities to leave Beijing during Christopher's visit. The dissident's home is still being guarded by security police, who tried to stop our camera crew from taking pictures outside. [Video shows medium-distance shot of a six-story housing block, followed by a closeup of the sign hanging beside the entrance; it reads: "Guest House of the Museum of Chinese Revolution; no security police can be seen, nor is any intervention in the filming shown.]

Another well-known dissident, Wei Jingsheng, also left the Chinese capital last week. The reason given by his secretary was that he was not feeling well. The Chinese justice minister declined to say whether the dissidents will be allowed to meet with Christopher. [passage omitted]

Intellectuals Petition for Release of Political Prisoners

HK1103003994 Hong Kong SOUTH CHINA MORNING POST in English 11 Mar 94 p 1

[By Willy Wo-lap Lam]

[Text] The highest councils of the Chinese Communist Party are holding emergency sessions to deal with what could be the most potent challenge to the administration since the June 4, 1989, crisis.

In a gesture of defiance seven internationally known intellectuals sent a letter yesterday to President Jiang Zemin and National People's Congress Chairman Qiao Shi demanding that Beijing release "all citizens detained because of their thoughts and expression of opinion".

Not doing so, the appeal warned, would "exacerbate contradictions and spawn irrevocable turmoil".

The petition, which has been made available to the Hong Kong and foreign media, also expressed "deep dismay and worries" over the recent spate of detentions of dissidents in Beijing, Shanghai and other cities. The campaign is led by Xu Liangying, 74, a professor of philosophy of science at the Chinese Academy of Sciences, who is known as "the conscience of China".

The other six signatories are Professor Xu's wife, Wang Laidi, a history professor at the Chinese Academy of Social Sciences, Jiang Peikun and his wife Ding Zilin, both aesthetics professors at People's University Liu Liao, a physics professor at Beijing Normal University; poet Shao Yanxiang; and novelist Zhang Kangkang.

The open letter, entitled An appeal for the improvement of human rights in our country, said "the right of the freedom of thought and the expression of opinion is an inalienable right of modern man which brooks no interference". The petition warned Beijing that "the search of modernisation becomes illusory if human rights are dropped [from the agenda]". We appeal to the authorities bravely to put an end to China's practice over thousands of years of punishing people for their thinking, speech and writings."

Chinese sources said party leaders were alarmed because similar petitions for human rights and political reform in early 1989 snowballed into the pro-democracy movement in May and June. One of the earliest such petitions was organised in February 1989 by Professor Xu. It was signed by 40-odd dissidents, including astrophysicist Fang Lizhi and philosophy professor Bao Zunxin. "The authorities have been behaving in an abnormal way in the past months by detaining so many people," the professor said from his home yesterday. "They should immediately release all prisoners of conscience listed by international watchdogs such as Asia Watch." Professor Xu added he and his friends had no plans to hold demonstrations or to form political parties. "If the authorities are clear-headed, they will not take any action against us, but I myself am prepared for the worst," he said.

The open letter came on the heels of efforts on Wednesday by labour activist Liu Nianchun to form an unofficial labour union with 120 members.

Meanwhile, American Secretary of State Warren Christopher, who is due to arrive in Beijing today to press for an improvement in human rights, indicated last night he had cancelled plans to meet dissidents for fear of triggering "retribution" against them.

Intellectuals Demand Release of Political Detainees

HK1103065294 Hong Kong AFP in English 0622 GMT 11 March 94

[Text] Beijing, March 11 (AFP)—Seven intellectuals have sent a letter to President Jiang Zemin and the president of the parliament, Qiao Shi, demanding that they release political prisoners, professor Xu Liangying said Friday [11 March].

Xu, 74, a researcher at the Academy of Sciences, said by telephone that he and the other six mailed their appeal to the two leaders Thursday.

Their petition was accompanied by a letter telling them to "pay serious attention to this question, which involves the future of the state." "Only respect for human rights and the guarantee of legal rights for all citizens can maintain social stability," the letter said. "If not," it added, "contradictions in the heart of society will become so severe as to risk leading to chaos, or even to an uncontrollable situation." The senders included a writer, a poet and five professors.

"Recently, several interrogations and arrests have occurred in Beijing and Shanghai for ideological or speech reasons...and international opinion was shocked," they wrote. "China, as a permanent Security Council member and founding member of the United Nations, must set an example and respect human rights principles."

"Therefore, we call for the authorities to courageously put an end to the custom, several thousand years old, of condemning someone for his ideas, his speech or his writing, and to free all citizens imprisoned for this purpose."

The signatories included Xu's wife, Wang Laili, a history professor at the Academy of Social Sciences and Ding Zilin and his wife, Jiang Peikun—both philosophy professors at the People's University of Beijing. Liu Liao, a professor of the capital's Normal School, also signed, as did poet Shao Yanxiang and writer Zhang Kangkang.

Xu, who knows Jiang Zemin and Qiao Shi personally, declared that he did "not expect to have problems with the police because of this letter, which is aimed at reducing tensions within society." He added, however, that the telephone of Ding Zilin and his wife was cut off Thursday and that their home had been "surrounded by lots of people."

Hijackers Sentenced to Life Term, 10 Years, Respectively

OW1103110694 Beijing XINHUA in English 1045 GMT 11 Mar 94

[Text] Beijing, March 11 (XINHUA)—Two hijackers, Zhang Daxing and Chen Jiangfu, were recently tried by

the Intermediate People's Court in Hangzhou city, capital of Zhejiang Province, and given different imprisonment terms, according to the Supreme People's Court here today.

The two were convicted of trying to hijack a plane from China Eastern Airlines. Chief criminal Zhang Daxing, a self-employed businessman, was sentenced to life imprisonment with his political rights deprived for life, and his accomplice Chen Jiangfu, a self-employed tailor, was sentenced to ten years behind bars with his political rights deprived for one year.

On January 28, 1994, Zhang Daxing, a native of Taicang county in Jiangsu Province, and Chen Jiangfu, a native of Wujin county in Jiangsu, bought air tickets from Shanghai to Hangzhou for the following day.

Zhang told Chen his intention and detailed plan to hijack the passenger plane to Taiwan and showed him a letter of blackmail to be used in the move.

On January 29, the two men got on the airplane, flight 5513, of China Eastern Airlines. Soon after the plane took off, Zhang got up and declared with the letter that the plane was hijacked, threatening to explode it if it refused to fly to Taiwan.

Meanwhile, Chen kept an eye on people on board, following Zhang's orders.

The two hijackers were subdued and arrested after the airplane landed at the airport in Hangzhou.

They were convicted by the Hangzhou Intermediate People's Court in its first ruling according to law. They pleaded guilty and did not appeal to the higher people's court.

A spokesman of the Supreme People's Court pointed out today that hijacking civil airplanes is a grave crime as it endangers the safety of passengers and their property, adding that criminals should be sternly punished according to law.

Further on Hijackers' Sentencing

OW1103133994 Beijing XINHUA Domestic Service in Chinese 0935 GMT 11 Mar 94

[By correspondent Liu Huisheng (0491 2585 3932) and reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 11 Mar (XINHUA)—According to information provided by the Supreme People's Court, the Hangzhou city Intermediate People's Court recently passed sentence, in accordance with the law, on two criminals who hijacked a China Eastern Airlines plane. Zhang Daxing, the principal criminal, was sentenced to life imprisonment and stripped of his political rights for life, while his accomplice Chen Jiangfu was sentenced to 10 years' imprisonment and stripped of his political rights for one year.

In December 1993, Zhang Daxing, a self-employed industrial and commercial businessman from Jiangsu's Taicang county who was doing business in Shanghai, asked Chen Jiangfu, a farmer from Jiangsu's Wujin county who wanted to start his own household tailoring business in Shanghai Municipality's Baoshan County, to go out with him under the pretext of doing business. On 28 January 1994, after purchasing air tickets for the Shanghai-Hangzhou flight for the following day, Zhang Daxing told Chen Jiangfu about his plot to hijack the aircraft to Taiwan and showed him a blackmail letter he had written earlier.

On 29 January 1994, Zhang Daxing and Chen Jiangfu boarded China Eastern Airlines flight 5513 for Hangzhou. Shortly after the plane took off, Zhang Daxing got up and forced the flight crew to change the plane's course to Taiwan using the blackmail letter and threats to blow up the plane. Meanwhile, Chen Jiangfu followed Zhang Daxing's orders and kept an eye on the people on board. In the course of dealings between the flight crew and the two criminals, the plane landed at Hangzhou's Jianqiao Airport and the two criminals were arrested on the spot.

In trying the case, the Hangzhou City Intermediate People's Court uncovered the facts and decided that Zhang Daxing and Chen Jiangfu used threats to hijack the aircraft, disregarding state law. There was sufficient clear evidence to prove that they had hijacked the aircraft. To safeguard normal aviation order and protect the safety of passengers and property, it is necessary to strictly punish criminals who hijack aircraft. In accordance with the relevant stipulations of the "Decision of the National People's Congress Standing Committee on Strictly Punishing Criminal Elements Who Hijack Aircraft" and the "Criminal Law of the People's Republic of China," the Hangzhou City Intermediate People's Court passed initial judgment on principal criminal Zhang Daxing and his accomplice Chen Jiangfu. Zhang Daxing and Chen Jiangfu pleaded guilty and accepted the verdict. As they did not file an appeal within the legally prescribed period, the initial judgment of Hangzhou City Intermediate People's Court became legally binding.

A spokesman for the Supreme People's Court said: Hijacking civil airplanes is a grave crime as it seriously endangers the safety of passengers and their property. The crime must be severely punished in accordance with the law. He said: The judicial organs will definitely continue to severely punish without leniency plane hijackers who defy the law and take such risks.

Minister Says Reports of Dissidents' Detention 'Incorrect'

HK1103034794 Hong Kong TA KUNG PAO in Chinese 11 Mar 94 p 2

["Special dispatch": "Minister of Justice Xiao Yang Stresses That Reports on Detention of Wei Jingsheng and Wang Dan Were Incorrect"]

[Text] Beijing, 10 March (TA KUNG PAO)—Clarifying rumors that Wei Jingsheng, Wang Dan, and other people have been detained, Minister of Justice Xiao Yang clearly stated today: "That is not the case. The rumors circulating abroad are incorrect. (They) have definitely not been detained or arrested."

With regard to Wang Juntao's situation in jail, Xiao Yang said: "(He) is very well. We have given him treatment in accordance with the humanist [ren dao zhu yi 0086 6670 0031 5030] policy. He contracted hepatitis B six months ago." When asked if he would allow Wang's release on bail for medical treatment, he said: "We will consider the case in accordance with our own laws and actual conditions."

Editorial Criticizes Detention of Hong Kong Journalist

HK1003043894 Hong Kong SOUTH CHINA MORNING POST in English 10 Mar 94 p 22

[Editorial: "Speaking Up For Xi"]

[Text] The Chinese authorities' silence over the fate of Hong Kong journalist Xi Yang continues to cause concern. He has been tried—in secret but is still awaiting a verdict on a charge of "espionage regarding state secrets on banking." And more than five months after his arrest, he has still not been allowed to receive visits from anyone except his father—who only saw him once last November. Since then, he has communicated with no one, including his employer, Ming Pao chairman Yu Pun-hoi.

The Hong Kong Journalists' Association's petition to local deputies to the National People's Congress and the Chinese People's Political Consultative Conference to speak up on his behalf is therefore as welcome as it is timely.

Xi's treatment may be in accordance with Chinese law. But it falls far short of what Hong Kong people expect of their own legal system and fails to offer any reassurance that similar cases will not be treated with equal high-handedness after 1997. China's definition of espionage is not clear. For all Hong Kong media are aware, Xi may have been doing no more than a Hong Kong journalist regards as normal professional research. The harsh punishment handed out to a Chinese journalist who leaked a speech by President Jiang Zemin to a reporter from the Express is an indication of the different weight the two cultures place on particular kinds of information.

If our delegates to the CPPCC and NPC are brave enough to speak out publicly on Xi's behalf, they will be doing themselves and Hong Kong's interests more good than if they waste their time putting forward sycophantic motions supporting what China is already known to be planning for the territory after 1997.

There are indications that China may be influenced by whether the U.S. Secretary of State Warren Christopher

raises Xi's case on his visit to Beijing this week. If so, it is vital that the importance of the case be impressed on Mr Christopher and his advisers as soon as he arrives on Chinese soil.

That message will come across louder and clearer if some of Hong Kong's most pro-Beijing voices are prepared to make a public stand on Xi's behalf than if the territory remains silent and cravenly accepts he is guilty as charged even before the verdict has been handed down.

CPPCC National Committee Members Strive For More Real Power

HK1003062294 Hong Kong LIEN HO PAO in Chinese 10 Mar 94 p 10

["Special article" by reporter Kuo Hung-chih (6753 1347 3112): "Unwilling To Serve as a 'Political Vase,' CPPCC Fights For More Real Power"]

[Text] "Political consultation should not remain at the level of making one's position known!" "The Chinese People's Political Consultative Conference [CPPCC] is very important when the session is held, but it disappears once the session is over!" "The CPPCC should give more 'belated advice!'" "The Government Report should be discussed by the CPPCC first!" "We always visit upper houses of other countries when we make overseas trips, the upper houses have voting rights but we do not. To take part in political consultation, it is necessary to have voting rights!"

Compared with past terms of the CPPCC, the Eighth CPPCC is really different in many aspects. Former CPPCC chairman Li Xiannian assumed office when he was 79. His membership of the CPC Central Committee was forfeited before he took the CPPCC chairmanship, and the CPPCC work was equivalent to a transition to retirement. However, incumbent chairman Li Ruihuan is only 60 and he is also a member of the Political Bureau Standing Committee of the CPC Central Committee, which holds real power. For him, the CPPCC chairmanship is not, in any sense, a transition to retirement. Li Ruihuan still has a promising political future, but he does not really lay hold of any part of the party, government, or military systems, so he is very eager to rely on the base of the CPPCC to bring his political influence into play.

Last year when he took over the CPPCC chairmanship, Li Ruihuan made a speech which was full of fighting will at the closing ceremony of the First Plenary Session of the Eighth CPPCC and vigorously stated that it was necessary to give play to the CPPCC's functions. His remarks were greeted with warm applause by members who were present. At that time, many people predicted that Li Ruihuan would reform the CPPCC. After a year's time, the CPPCC cannot break away from its constraints in the political structure and is still an organization for "political participation and consultation" without real power, but it is striving for more real power step by step.

In the past, special committees under the CPPCC were only some united front organizations without real functions. However, over the past year, Li Ruihuan reinforced the staffs and enhanced the functions of the 15 CPPCC special committees and devoted efforts to studying policy proposals. Policy proposals put forward by the CPPCC are not legally binding on government departments, but when the CPPCC special committees started showing their strength, government departments did feel the pressure.

This year, what CPPCC members have taken delight in talking about is that a report submitted by the CPPCC Economic Committee last June was accepted by government departments and it formed a part of macroscopic regulation. Li Luye, spokesman of the current session, also pointed out that over the past year, there was a growing trend that study reports submitted by the CPPCC were accepted by government decision-making departments.

Under all these conditions, many CPPCC members have shown a strong intention to strive for legal status similar to that of upper houses in foreign countries. If the CPPCC can make a breakthrough on this, it will certainly be a great revolution in the CPC's constitutional system. As far as the reform of the constitutional system is concerned, a considerable number of factors are involved, and it cannot be achieved overnight, but CPPCC Chairman Li Ruihuan is undoubtedly a key factor in determining the result of the reform. If he merely treats the CPPCC as a stepping-stone, it will not be easy to achieve success in the CPPCC's structural reform. Yesterday, at the CPPCC group discussion, CPPCC member Zhao Jing said that he hoped Li Ruihuan would work not only at the CPC Central Committee office but also regularly at the CPPCC office.

Li Ruihuan must devote more efforts to the CPPCC if the "vase" is really to be removed.

Article Views Leadership 'Power Struggle'

HK0803082894 Hong Kong LIEN HO PAO in Chinese
8 Mar 94 p 2

[Special article] from Beijing by staff reporter: "The Greatest Two-Line Struggle in Zhongnanhai Since Deng Xiaoping's Southern Tour"]

[Text] Although an "arrangement" has been made for Wei Jingsheng to leave Beijing and Beijing is carrying out large-scale arrests of political dissidents for questioning, a high-level CPC official disclosed that a two-line struggle—the greatest since Deng Xiaoping's southern tour—is taking place in Zhongnanhai. Supported by all kinds of factors, hardliners are gaining the upper hand and will, under the precondition of "stability" overwhelming everything, take a strong attitude on the Taiwan and Hong Kong issues and toward the United States. This informed source revealed that "some

people in Zhongnanhai do not sleep well every day" and that all kinds of contradictions are causing a change in policy.

A week ago, Wei Jingsheng told a friend that the CPC's policy on political dissidents will not change, nor would the human rights record change much. This high-level CPC official also revealed that the CPC's attitude toward "Wei Jingsheng and the like" has not changed and that it will continue to release political dissidents who "have given a good account of themselves." What has caused the CPC to change its plan and strategy in a week?

The United States has always regarded the treatment meted out to pro-democracy activists, including Wei Jingsheng, Wang Juntao, Chen Ziming, and Wang Dan as a criterion to appraise the CPC's human rights record. Has the high-level CPC leadership suddenly "become ferocious" regardless of the connection between Chinese-U.S. political and economic relations on the one hand and U.S. concern for Wei Jingsheng et al and the treatment of political dissidents on the other? Is the CPC ready to take a hard-line policy? Has it worked out a complete plan to resist U.S. pressure?

The high-level CPC official revealed that a silent two-line struggle is taking place for top-level power and that the participation of the gerontocrats has made this struggle for power and the two lines and policies even more complicated. He pointed out: No conclusion can be made now and no one has won or lost the struggle; as this struggle involves a wide range of aspects, it is very difficult to say whether or not there will be personnel changes or whether or not someone "will be hit by an arrow and fall off his horse." The hardliners have gained the upper hand in counterattacking U.S. human rights pressure. This could possibly involve China's foreign policy.

On whether or not local officials, who maintain delicate relations with the central authorities, are involved in this two-line struggle, the high-level CPC official said that most local leaders with real power are taking a "wait-and-see" attitude until the "situation is clear."

Viewing the CPC's strong attitude on the Hong Kong issue, its leap in economic reform, its liveliness in diplomatic relations, its response to U.S. human rights policy, as well as economic and trade pressure, and its way of handling inflation and social problems, we can explicitly see the change from "fluctuation" to "aggravation" in the high-level CPC two-line struggle. The CPC official indicated that this struggle started at the beginning of this year and became more intense after Lunar New Year. Surrounded by pressures from all sides, Vice Premier Zhu Rongji is seeking more cooperation and support. On the other hand, the conservative forces' activities are also noteworthy.

As learned, apart from using "strong words" in finally revising the section on the Hong Kong issue in the

government work report to the upcoming National People's Congress, the section on diplomatic relations with the United States and Japan will also be strongly worded.

This informed source in Beijing said that Deng Xiaoping's health will have a major impact on this struggle. After a video showing of Deng Xiaoping's public appearance, conservatives were overjoyed and became active in engaging in foreign economic and trade relations. The change in policy toward Wei Jingsheng et al is an advance indication of the adoption of a hard-line attitude. Some people believe that Deng Xiaoping's condition is worse than thought, while Chen Yun's condition is much better. No one knows who will win in this power struggle.

This high-level CPC official said that "some people in the Central Committee are really worried about Deng Xiaoping's health. Deng Xiaoping's condition is worse than last year."

There is a close connection between Chinese-U.S. relations and Wei Jingsheng et al's behavior as well as political dissidents' contacts with organizations outside China, this CPC official indicated. The CPC will not allow these people to form organizations or undermine social "stability," still less will it allow them to collaborate with hostile forces outside the borders. Of course, it will not allow these people to harm "state interests."

Under this hard-line policy, even if Christopher arrives with strong human rights pressure, the CPC will not yield to this pressure; it will only make concessions on the Korean peninsula issue, nuclear arms control, and some economic and trade restrictions unless "there is a major internal change." And this depends on these two weeks.

A Western observer said that the feeling in Beijing in March this year is similar to that in the spring of 1989. The people's resentment against speculating officials, bribery, and corruption is high, commodity price hikes are out of control, inflation is serious, the peasant issue is worsening, the gap between rich and poor is widening, and there are more problems in state-owned enterprise reform and the worker issue—all these are pummeling Beijing. Whenever the CPC faces internal pressures, it generally assumes a posture of being strong on foreign policy, carrying out retrenchment in the economy, and becoming conservative in politics. The Wei Jingsheng case is the prelude to a big case.

The high-level CPC official said that the upcoming sessions of the National People's Congress and the Chinese People's Political Consultative Conference could possibly reflect many problems, such as the Hong Kong issue, attitudes toward the United States, the agricultural question, the relationship between the central and local authorities, imbalanced development, and setbacks in five reforms; but these are not the focal points facing the high-level CPC leadership, the focal point lies in Zhongnanhai.

Leadership Activities 3-11 March

OW1103111894

[Editorial Report] PRC media carried the following reports on PRC leadership activities from 3 March to 11 March 1994. The source is noted in parentheses after each report.

Li Peng Message Greet Sale of Zhou Enlai CD's—In his message to a meeting held in Beijing on 2 March marking the distribution and sale of cassettes and CD's on Zhou Enlai, Premier Li Peng said: "The tapes and CD's, known as the 'Voice of Great Men,' will enable us to hear the cordial voices of Mao Zedong, Zhou Enlai, and other proletarian revolutionaries of the older generation. This is a very significant matter. I believe the 'Voice of Great Men' will play a positive role in encouraging us to undertake the great cause of building socialism with Chinese characteristics."

According to the announcer, the CD contains 15 speeches made by Zhou Enlai from 1949 to 1975. (Beijing Central Television Program One Network in Mandarin 1100 GMT 2 Mar 94)

Li Lanqing Meets Military Provision Work Conference Delegates—During a meeting with delegates to the Eighth National Conference on Military Provision Work in the Great Hall of the People on 2 March, Vice Premier Li Lanqing called on all localities to ensure the supply of military provisions qualitatively, quantitatively, and in a timely manner. (Beijing Central Television Program One Network in Mandarin 1400 GMT 2 Mar 94)

Liu Huaqing Writes Name of Medical Equipment Room—A magnetic oscillatory diagnosis instrument, the largest in Asia, has been put into operation at the Navy General Hospital. Liu Huaqing, vice chairman of the Central Military Commission, wrote the name Magnetic Oscillatory Diagnosis Instrument Laboratory. According to the announcer, the equipment was imported from Israel. (Beijing Central Television Program One Network in Mandarin 1400 GMT 2 Mar 94)

Deng Xiaoping Writes Name of New Book—Volumes three and four of the new book *Chinese Female Journalists*, the name of which was written by Deng Xiaoping, were recently published by the XINHUA Publishing House. According to the announcer, "Chinese Female Journalists" introduces the growth and experiences of Chinese female journalists from various angles during the past 50 years. (Beijing Central Television Program One Network in Mandarin 1400 GMT 4 Mar 94)

Li Lanqing Speaks at Military Provision Work Conference—A new system of supplying provisions to the military will be introduced in China beginning 1 April, according to a decision of the just-concluded Eighth National Conference on Military Provision Work. Speaking at the conference, Li Lanqing, member of the

CPC Central Committee Political Bureau and vice premier of the State Council, pointed out: "Military provisions supply work is a serious political task. Guaranteeing the supply of military provisions is of great significance to promoting stability, improving military building, and guaranteeing state security."

According to the conference, provisions for the military will be purchased at negotiated prices instead of government-set prices, and price differential subsidies will be jointly shared by central and local finances. (Beijing Central People's Radio Network in Mandarin 1030 GMT 8 Mar 94)

Wu Bangguo Addresses Shanghai's Anticorruption Meeting—The Shanghai municipal party committee and people's government held a municipal meeting of leading party and government cadres on 8 March to convey the guidelines of the Third Plenary Session of the CPC Central Committee's Central Commission for Discipline Inspection, Comrade Jiang Zemin's important speech, and the State Council's anticorruption work conference. Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of Shanghai municipal party committee, spoke at the meeting.

In his speech, Wu Bangguo called on cadres to undertake Shanghai's anticorruption task in a lasting, in-depth, and more effective manner by comprehensively implementing the party's basic line. Wu Bangguo stressed: Although Shanghai has made temporary progress in anticorruption, it is wrong to assume the task can now be slowed. Instead, the task should be further consolidated and developed. In the entire process of reform, opening up, and economic development, the task of building a healthy party style and clean administration must always be adhered to. (Shanghai People's Radio Network in Mandarin 2300 GMT 8 Mar 94)

Yang Shangkun Inspects Guangdong Province—While inspecting Guangdong Province during the Spring Festival period, Comrade Yang Shangkun hoped Guangdong people would continue to carry forward their spirit of arduous struggle and take the lead in reform, opening up, and economic development. Accompanied separately by Xie Fei, member of the CPC Central Committee Political Bureau and secretary of the Guangdong provincial party committee, and deputy party secretary Huang Huahua, Yang Shangkun inspected Shenzhen, Zhuhai, Guangzhou, and Foshan as well as heard work reports by local party and government leaders.

Yang Shangkun said China will introduce many major reform measures this year. He asked all those concerned to study new issues, overcome new problems, summarize new experiences, and actively undertake their tasks more effectively due to the wide-ranging measures, constrained time, and heavy tasks. Yang Shangkun visited and heard work reports on the Guangzhou Economic and Technological Development Zone on the occasion of its 10th anniversary. He praised the zone's speedy development and called for improvement in water and power

supply, transportation services, and raw material production as well as increased nationalization in production. Yang Shangkun also wrote inscriptions to encourage several other enterprises when he visited them. (Beijing XINHUA Domestic Service in Chinese 0800 GMT 9 Mar 94)

Jiang Zemin's Inscriptions for Heroic Soldier Arouse Great Enthusiasm—Inscriptions written by Jiang Zemin and other military leaders for heroic soldier Xu Honggang have aroused the public's great enthusiasm. Li Guoyun, a section chief from the General Staff Headquarters, said Jiang Zemin's call to emulate Xu Honggang's deeds is a demand of the times which also meets the people's wishes. The socialist market economic system urges soldiers to nurture and mold themselves with the party's fine traditions and thoughts of serving the people. Yang Chuanjiang, a deputy of the National People's Congress from Yunnan, said the inscriptions will propel spiritual civilization to a new stage. Beijing teacher Li Lan said educators should attach importance to teaching Xu Honggang's deeds in order to train more qualified personnel for society. (Beijing Central Television Program One Network in Mandarin 1100 GMT 9 Mar 94)

Reform Upheavals Bring Worker Dissatisfaction

HK1003130194 Hong Kong HSIN PAO in Chinese 9 Mar 94 p 20

[Article by Liu Yue (0491 6390): "Chinese Workers and Staff Members Are Increasingly Dissatisfied"]

[Text] Reform in China this year will be focused on enterprise reform, taking the institution of a modern enterprise system as the objective. It is beyond all doubt that taking vigorous action regarding state-owned enterprises will be an inevitable necessity for in-depth reform, hence action is imperative under the circumstances.

What worries people, however, is that before the beginning of wide-scale reform, the dissatisfaction of enterprise staff and workers has burst out in many ways. If the policymakers do not realize this soberly and take effective measures to cope with it, the pace of reform very soon will be held up by this continually spreading dissatisfaction, and the grand and dynamic reform will die away without being noticed.

A survey indicates that the dissatisfaction of enterprise staff and workers has vented itself in many ways. The following are just a few examples:

It Is Difficult To Maintain Basic Living Conditions

First, the excessively sharp increase in commodity prices has aroused dissatisfaction among staff and workers. In the first half of 1993, controls on the prices of grain and edible oil were lifted for the first time in several decades in more than 1,300 counties among 90 percent of provinces and cities throughout the country. In the meantime, the state adopted a policy of combined regulation

and relaxation of the prices of some essential means of production, whereby the state has successively lifted control of factory prices for steel products, partially unified the allocation of coal, and made appropriate adjustments to the prices of some heavy oil products. This move caused prices to rise by 13.9 percent in June 1993 over the corresponding period in 1992, more than doubling the rise of 6 percent originally set for the whole year. Enterprise staff and workers were weighed down by the pressure of this price surge much more than indicated by the figures released by the authorities.

The overly rapid price surge has affected the basic lives of staff and workers and has aroused their intense dissatisfaction. According to a survey conducted by the Henan Provincial Federation of Trade Unions among 10,000 staff and workers across the province in September 1993, 41 percent of them felt that the price surge had caused their families' living standards to decline.

Second, the poverty of staff and workers became an increasingly conspicuous problem. The findings of an authoritative survey show that among the ranks of staff and workers in China, more than 5 percent of personnel who have retired or are still working (totalling about 8 million) now live in poverty. If their dependents are included, the total population of impoverished staff and workers and their families is approximately 20 million. The salaries of some staff and workers are unsecured, and for several consecutive years, a small number of them have received only scores of yuan each month to live on. Some enterprises could not even afford to pay this sum as basic living expenses. Take the Xinjiang production and construction corps as an example. In the five divisions of this corps in northern Xinjiang, nearly half the staff families have less than 50 yuan per head to live on.

Under circumstances in which basic livelihood can hardly be maintained, some people have had to live on borrowed money and grain or to sell their own furniture and clothing; others were forced to divorce, commit suicide, or steal. Owing to livelihood problems, instances of presenting petitions, staging demonstrations, and collectively appealing to the authorities for help have occurred frequently.

Third, the income of staff and workers has declined substantially in the name of reducing material benefits. As China has a large population but a weak economic foundation, there originally were few and relatively low-level welfare services. Some enterprises, however, improperly reduced welfare services in the name of reform. As a result, some units arbitrarily distributed money or things to staff and workers, which led to sharp increases in welfare expenditures on the one hand, but on the other, necessary welfare services were neglected. Moreover, some units turned former welfare facilities—such as nurseries, cafeterias, bathrooms, and barber-shops—into profit-making commercial service networks, but did not increase the income of staff and workers correspondingly. This has directly sapped their revenue.

Fourth, encroachment on the rights and interests of staff and workers has occurred frequently. According to a survey, 615 staff members and workers were fired, laid off, or dismissed from 178 enterprises in Shijiazhuang between April and December 1992, and 30 percent of them were relieved of their posts without being given any explanation or without trade unions being advised in advance of the reasons for the termination of their services.

Staff Members and Workers Gradually Feel Doubtful About Reform Measures

Fifth, unfair distribution and the wide gap between rich and poor engender resentment and dissatisfaction. There are still 6 to 7 million poor families among the urban staff members and workers, with the income of high salary earners being 10 times higher on average. Even among the residents in cities and towns, the gap between the 10 percent of high income earners and the 10 percent of low income earners is close to 5 times. Certainly, there are irrational portions in this high income. According to a survey of the tax department, the amount of tax evasion in China has reached approximately 100 billion yuan per year, of which the individual sector accounted for more than 90 percent, and more than 80 percent of private enterprises evaded taxes. The drastic widening of the income gap in society has led to serious psychological imbalance in quite a number of staff members and workers.

Other phenomena—including acute employment contradictions, housing difficulties, default in the payment of salaries, the lack of protection due to child-birth, old age, illness, and death, and so on—are causes of intense dissatisfaction among staff members and workers.

The ever-growing dissatisfaction and psychological imbalance have aroused doubt or even resentment among some staff members and workers toward the reform and open door policies, so that their support for reform has declined noticeably.

An opinion poll conducted during the Seventh Five-Year Plan indicated that more than 80 percent of staff members and workers gave their support to reform, with the highest percentage reaching 95, whereas the latest survey shows that only 72 percent of staff members and workers support reform.

Overcome by dissatisfaction, staff members and workers have sought countermeasures to gain benefits and avoid losses, which has exacerbated social disorder and bred a hidden peril to reform and development. Over the past few years, sudden incidents stemming from material interest problems have increased notably. In this connection, people must not take it lightly in the course of instituting a modern enterprise system.

Process, Personnel for Drafting Government Work Report

HK1103113894 Beijing ZHONGGUO XINWEN SHE
in Chinese 0737 GMT 10 Mar 94

[By staff reporter Xiao Rui (5135 3843): "How Premier Li Peng's 'Government Work Report' Was Drafted"]

[Text] Beijing, 10 Mar (ZHONGGUO XINWEN SHE)—This is a crucial year, in which China will advance toward the establishment of a socialist market economy structure. A comprehensive, pragmatic, and highly manipulative "government work report" will produce a positive impact on China's reform, opening up, stability, and development this year.

The "government work report" delivered by Li Peng at the Second Session of the Eighth National People's Congress today was drafted after extensively heeding opinions of various sectors and collecting information from various quarters.

On 13 January this year, the "government work report" drafting group was officially set up, composed of 12 members from seven comprehensive departments comprising the State Council's Research Center, the CPC Central Policy Research Center, the State Commission for Restructuring Economy, the State Economic and Trade Commission, the State Planning Commission, the People's Bank of China, and the State Statistical Bureau. In a small, quiet building on picturesque Yuquanshan, located in the western suburbs of Beijing, the drafting group worked painstakingly for more than 20 days. At first, they set to writing separately, and afterward worked together to have the draft report completed in mid-February.

What is worth mentioning is that all the members of the drafting group are from authoritative comprehensive departments, and most of them have outstanding theoretical achievements and practical work experience. They have active minds and are of relatively high quality. Owing to their day-to-day work, they are more familiar with the overall conditions of China's society and some problems that temporarily exist.

These drafters are: Wang Mengkui, deputy director of the State Council's Research Center; Huang Jian, deputy head of the Comprehensive Group of the above center; Shen Bonian, head of the Financial and Economic Group of the above center; Guo Zhenying, head of the Industrial and Communications Group of the above center; Huang Shouhong, research fellow of the Agricultural Group of the above center; Zou Ping, deputy head of the Cultural and Educational Work Group of the above center; Li Jiange, deputy director of the Policy and Legislation Department of the State Economic and Trade Commission; Lin Zhaomu, deputy director of the Research Center of the State Planning Commission; Peng Sen, deputy director of the Comprehensive Department of the State Commission for Restructuring

Economy; Wu Xiaoling, deputy director of the Structural Reform Department of the People's Bank of China; Qiu Xiaohua, chief economist of the State Statistical Bureau; and Zheng Xinbiao, deputy head of the Cultural and Educational Work Group of the Central Policy Research Center.

During the drafting process, the draft "government work report" was repeatedly discussed and revised at the State Council's executive meetings, as well as at meetings of the CPC Politburo and its Standing Committee. In addition, the drafting group extensively solicited the opinions of various localities, departments, democratic parties, personalities without party affiliation, and representatives from various grass-roots units. Premier Li Peng called discussions five times to listen to the revised proposals from various sectors. Therefore, the report read by the premier today should be said to have fully represented the will of all strata, quarters, and personalities from various circles. It has defined the keynotes and charted the course for China's reform this year.

An authoritative source said: The themes of Premier Li Peng's "government work report" are to deepen reform and maintain a sustained, rapid, and healthy economic development. What attracts people's attention is that he particularly stressed the necessity of handling the relationships among reform, development, and stability.

Development is the only way for China to attain a lasting good order, and is the ultimate goal that comes up to the expectations of the people. Reform is the motive force for achieving rapid development, and stability is a guarantee for reform and a prerequisite for development. The three aspects are closely related to one another.

Careful people may have discovered that this year's "government work report" is concise, to the point, relatively short, and unadorned.

A person in charge of the drafting group said that one of the reasons for the shortness of this year's report is that major policies and principles have been defined. The drafting group strove to be concise in writing and focused on the major tasks to be grasped by the State Council this year. Hence, the report does not list in detail all achievements scored by various departments last year and the tasks to be performed this year.

Zou Jiahua Urges State Enterprises To Implement Reforms

OW1103110794 Beijing XINHUA Domestic Service in Chinese 1212 GMT 28 Feb 94

[By RENMIN RIBAO correspondent He Jiazheng (0149 0502 2973) and XINHUA correspondent Chen Yun (7115 5366)]

[Text] Beijing, 28 Feb (XINHUA)—At a discussion session this afternoon at the Huarentang Hall with participants of a special seminar for managers of large state enterprises, State Council Vice Premier Zou Jiahua

said: During the current transition from the old system to the new system, there are many contradictions and problems which require a process of breaking in. The role of large and medium state enterprises is to do everything possible to smooth and shorten the break-in process. He added: China's reforms will be promoted if large state enterprises carry out the central government's reform programs and measures in an exemplary manner.

The "Special Seminar for Managers of Large State Enterprises," cosponsored by the Organization Department of the CPC Central Committee and the State Economics and Trade Commission, was inaugurated on 21 February. At the seminar, 40 managers from 40 large state enterprises from all across the country studied in depth the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the major reform programs to be launched by the central government this year, as well as discussed the difficult and crucial points related to the establishment of a modern enterprise system.

Vice Premier Li Lanqing chaired today's discussion. He began the discussion by saying he was very happy to attend and listen to views on behalf of Premier Li Peng. Then Zhao Zongnai, deputy director of the Organization Department, gave a briefing on courses studied at the seminar. He was followed by Vice President Li Yunmao of the Wuhan Iron and Steel Company, President Chen Jie of the Beijing Peony Electronics Group, Party Secretary Gao Rumao of the Datong Mining Bureau, Deputy Party Secretary Xu Kaicheng of the Jinshan Petrochemical Corporation, and Deputy Party Secretary and Vice President Zhao Guangjie of the Anshan Iron and Steel Company, who gave reports on their understandings gained from the study.

After listening to speeches by seminar representatives, Zou Jiahua praised the Organization Department and the State Economics and Trade Commission for cosponsoring the seminar which has benefited its participants. He said: During the great historical period of reform and establishment of a socialist market economic structure, many of the previous measures for a planned economy are no longer in use and are replaced by brand new rules and regulations. Therefore, our primary task is study; managers of large and medium state enterprises in particular must study diligently. Enterprise managers should first study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics; second, new rules, regulations, and policies; and third, new knowledge and skills. In organizing study classes, it is necessary to mobilize all forces that can be mobilized to manage classes, including party schools, educational academies of cadres, and training centers of various departments, local governments, and enterprises. Particular attention must be paid to managing short-term intensive study and training classes oriented to entrepreneurs of the new period. We must comply with General Secretary Jiang Zemin's instruction on more time for study and less time for socializing, never relaxing our efforts at study regardless of work schedules. This is the basic requirement of entrepreneurs in the new period.

Zou Jiahua stated: Presently the State Council is selecting 100 enterprises for pioneering the reforms, and is studying measures to further improve the external environment of enterprises. However, they should pay greater attention to their internal environment, continue to implement the "regulations" for changing the operating mechanisms of enterprises, and strengthen their internal management. The new measures for the reforms adopted by the government aim at helping state enterprises transform their operating system, enabling the enterprises to utilize their advantages to take part in market competition. Party organizations and leading cadres at all levels in enterprises should enhance their confidence, increase ideological work, and unite and lead the vast numbers of workers and staff to work hard together so that our large state enterprises will shine once again in market competition.

Wen Jiabao was present at the discussion.

Poll Shows Corruption Seen as Main Threat to Reform

HK1103100894 Hong Kong MING PAO in Chinese 11 Mar 94 p a12

[Report: "Results of Latest Opinion Poll in Beijing Indicate 55 Percent of Respondents Believe Political Stability Is Needed To Ensure Success of Reform; 59 Percent Are Most Concerned About Reform of Housing System"]

[Text] In a recent opinion poll conducted in Beijing, more than half the respondents believed that what was most needed to ensure the success of reform was a stable political environment, while about one-third of respondents thought that building the legal system was most needed, while housing reform and medical insurance reform came first on the list of livelihood items demanding improvement about which respondents were most concerned.

This poll, cosponsored by "Beijing Nine-Day Technology Park" and the State Statistical Bureau, was held at the end of last month. From 20 neighborhood committee districts in Beijing, 1,000 resident households were selected at random and given a questionnaire. The results indicated that 55 percent of the respondents believed that a stable political situation was most needed for the success of reform; 34 percent of the respondents believed that building the legal system was most needed. On these two points, public opinion was in line with the understanding of the central authorities. Among all respondents, 76.7 percent believed that the main threat to the reform was corruption, while 51.7 percent put bureaucracy as the main threat.

As to which reform the public was most concerned about, 59 percent of the respondents thought it was reform of the housing system and 56 percent thought it was medical insurance reform. The levels of concern over other reform items were in the following order: the pension system (36.7 percent), the development of law

(25 percent), the political system (23 percent), education (21 percent), labor employment and the personnel system (19 percent), government organs (15 percent), unemployment insurance (13.5 percent), and state-owned enterprises (12 percent). Even people working in state-owned enterprises put the level of concern over pension reform in third place, next only to medical insurance and housing reforms.

In addition, on economic matters, 76 percent of the respondents believed that the mainland's economic development was very fast or relatively fast; 61.6 percent believed that the mainland's economic growth rate should be kept within a certain limit, which indicated that the concept of maintaining balanced development has taken root in people's minds after several twists and turns. Those who believed that China would become an economic power in the world within 20 years took up 45 percent of all respondents and 14.7 percent of them believed it could be achieved within 10 years.

Article Predicts Fourth CPC Plenum in March

HK1103073894 Hong Kong CHENG MING in Chinese No 197, 1 Mar 94 p 13

[By Tsung Lan-hai (1350 5663 3189): "Fourth Plenary Session to be Held in March"]

[Text] Whenever the CPC faces a persistent internal controversy, especially at the senior level, a plenary session of the party to foster consensus seems to be the customary thing. Faced with many difficulties in reform in the new year, the party finds itself with many different opinions which it has to address urgently, so it has made necessary preparations for a grand meeting in March, and therefore news about convening the Fourth Plenary Session of the 14th CPC Central Committee have come from the party.

CPC Central Committee Plans to Convene Fourth Plenary Session in Early March

On 3 February, the CPC Central Committee General Office telephoned various ministries, commissions, and offices under the central authorities, the party committees of various provinces, autonomous regions, and municipalities, and various arms of service and the party committees of major military regions, telling them that the CPC Central Committee planned to convene the Fourth Plenary Session of the 14th CPC Central Committee, that various party committees should usher in the plenary session with actual work results, and that they would be kept informed of the exact date of the session.

Ding Guangen, member of the Secretariat of the CPC Central Committee, disclosed during a meeting with party and government leaders from Guangdong on 5 February that the Central Committee planned to convene the Fourth Plenary Session on 5 March or so, and that the session would last for three or four days.

A newsletter from the CPC Central Committee, dated 5 February, disclosed that Jiang Zemin said when meeting non-party celebrities that the CPC Central Committee planned to convene the Fourth Plenary Session to strengthen understanding, unify thinking, and standardize action regarding some important issues at this time. He earnestly hoped non-party persons could offer ideas, proposals, and criticisms concerning the current work by the Central Committee, for non-party persons have a unique understanding of many conditions.

Hu Jintao: Usher in the Fourth Plenary Session With Consensus

The Secretariat of the CPC Central Committee also disclosed that the theme at the Fourth Plenary Session is to further foster consensus and standardize action on maintaining a sustained, rapid, and healthy development of the national economy; to unify thinking on how to expedite the building of the socialist market economy, and on how to establish an integral and open market system which is characterized by orderly competition; and to summarize work in strengthening construction of leading party groups of various levels and the work in self-construction of party members, in particular, the issue of the recent anticorruption drive within the party will be addressed and new arrangements will be made. In addition, the session will also have to examine the topics to be discussed and adopted by the second session of the Eighth National People's Congress.

Hu Jintao said at a work meeting of the Secretariat in early February: The party's essential work must be to get rid of interference from controversies on nonessential topics within the party; and it is necessary to usher in the Fourth Plenary Session with unified understanding, unified thinking, and standardized action.

People are waiting to see if the Fourth Plenary Session can solve the contradictions and difficulties faced by the party.

National Program for Water, Soil Conservation Approved

HK1003103394 Beijing RENMIN RIBAO in Chinese 7 Mar 94 p 2

[Report by Guo Yunling (6753 0336 5376): "State Council Gives Written Reply to the 'National Program for Water and Soil Reservation'"]

[Text] Recently the State Council gave an official, written reply to the "National Program for Water and Soil Conservation," agreeing in principle to carry out the water and soil conservation work in accordance with the second proposition. This means that China now has a fundamental basis to go by in carrying out the work.

Soil erosion in China, which is enormous in magnitude and covers vast tracks of territory, has inflicted great harm on the country. It has brought about long-term low yields and poverty to localities, and even is endangering

the subsistence of the masses of people in some localities. Moreover, the running down of silt in large quantities has caused floods and waterlogging along the lower reaches of rivers. To work out this national program for water and soil conservation, the Ministry of Water Resources organized national forces to conduct large amounts of investigation and study, scientific experiments, and observation analyses.

In its reply, the State Council stressed: To do a good job in water and soil conservation has a bearing on economic and social development and on ecological environmental improvement, and helps China shake off poverty and gain prosperity. It also has a bearing on the development and harnessing of rivers and lakes, as well as on the state's construction in the energy, railway, communications, and mining industries, and other areas of endeavor. It is a basic national policy that will yield success in our time and will bring benefits throughout the ages. Therefore, we should uphold it for a long time. The reply pointed out: Water and soil conservation is a systems engineering undertaking. It must adhere to the principle of "prevention as the key factor, overall planning, comprehensive prevention and control, suiting measures to local conditions, and stressing better management and efficiency." Effective efforts should be made to ensure the prevention, protection, and supervision of soil erosion, and to ensure law enforcement work. The policy should be implemented whereby those who harness rivers and lakes and those who manage and protect them will reap the benefits therefrom. While devoting our primary efforts toward bringing the Huang He and the Chang Jiang under control, we also should pay close attention to checking soil erosion in other rivers and to the water and soil conservation work in the key soil erosion prevention and protection areas, supervision areas, and control areas at all levels.

The "National Program for Water and Soil Conservation" puts forward two propositions on soil erosion control, of which the second one suggests a more rapid pace of control. The State Council's reply agreed in principle to carry out the water and soil conservation work in accordance with the second proposition.

Hu Jintao Addresses Party School Opening Ceremony

OW1003213094 Beijing XINHUA Domestic Service in Chinese 0838 GMT 1 Mar 94

[By Central People's Broadcasting Station reporter Li Tao (2621 3447) and XINHUA reporter Zhang Sutang (1728 1372 1016)]

[Text] Beijing, 1 Mar (XINHUA)—Hu Jintao, member of the Standing Committee of the Political Bureau of the CPC Central Committee, Secretariat member, and Central Party School president, pointed out today at the opening ceremony for a new session of the Central Party School: China's reform, opening up, and modernization drive have entered a new phase of development. The new

situation, the new tasks, and the new practice require the whole party to attach greater importance than anytime in the past to ideological education and theoretical studies; they require the leadership at all levels to study and master Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and to constantly improve their understanding and leadership skills.

Attending the opening ceremony were students of the 16th class for leading cadres at provincial and ministerial level, the 22d class for cadres at the prefectural and department levels, classes for ethnic cadres from Xinjiang, classes for young and middle-aged cadres, classes for backbone theoretical and propaganda cadres, and personnel from branch schools at organs directly under the central committee and at state organs as well as from military units, 2,600 in all.

After analyzing the current situation at home and abroad, Hu Jintao pointed out: The majority of comrades taking course here are leading cadres in their respective fronts. Regardless of his position or the sector in which he is exercising leadership, every one of them needs to approach problems from a strategic high plane and from an overall point of view. The fact that Comrade Deng Xiaoping is good at using the Marxist stand, point of view, and method to approach to deal with problems from an overall strategic perspective is dominantly demonstrated in his works. Leading cadres at all levels must study and master them. Realistic analysis and understanding of the situation is a precondition and a basis for correct decision-making, for putting the interests of the party's work first, and for executing well the various tasks. Only by keeping closely in mind the current situation at home and abroad; by learning how to approach problems from an overall strategic perspective will we be able to be farsighted, to get a clear understanding of the situation, to have a good grasp of the overall situation, and to implement well the party's basic policy for this year in an all-round manner.

In his speech, Hu Jintao elaborated on the importance and urgency for leading cadres to take the lead in studying theory. He pointed out: Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is the Marxism of contemporary China, and it serves as the spiritual pillar and scientific guide for our triumphant march forward. The party is leading people of all nationalities in the great practice of building socialism with Chinese characteristics. In our march forward, there will inevitably be some complicated problems and difficulties which we have never encountered before. Especially in the process of accelerating the establishment of a socialist market economic structure, complex, deep-rooted problems will become even more pronounced with each passing day. Only by studying the theory of building socialism with Chinese characteristics will we be able to unify our understanding; have a good grasp of the relationship between reform, development, and stability; properly handle all sorts of contradictions in society; approach problems from an overall point of

view; make a correct assessment of the situation; constantly improve our work in terms of adherence to principles, systematic approach, farsightedness, and creativity to ensure the smooth progress of reform, opening up, and the modernization drive.

Hu Jintao stressed: While studying the theory of building socialism with Chinese characteristics, we must study theory and basic knowledge of the socialist market economy. We should, first of all, study—in a comprehensive and systematic manner—pertinent expositions contained in Deng Xiaoping's works and grasp its essence. Anyone interested in the theory of socialist market economy must read the report to the 14th CPC National Congress and the decision of the Third Plenary Session of the 14th CPC Central Committee. We must study the principles, policies, and measures of reform formulated by the Central Committee for the establishment of a socialist market economy. We must also study basic knowledge of the socialist market economy so as to raise our capabilities in work on the socialist market economic sector.

Wang Jialiu, Central Party School vice executive president, also spoke. Vice President Xing Benshi presided over the opening ceremony. Also present at the opening ceremony were Hou Zongbin, Wang Weicheng, Liu Yunshan, Wang Xudong, Chen Fujin, and Liu Shengyu.

Restructuring Vice Minister Visits Zhuhai, Shenzhen

HK0703152794 Beijing ZHONGGUO XINWEN SHE in English 1330 GMT 7 Mar 94

[Text] Shenzhen, March 7 (CNS)—Vice Minister of the State Commission for Restructuring the Economy, Mr. Wu Jie, recently made an inspection tour of Zhuhai and Shenzhen where he said that scientific management over the economy in these special economic zones was the vital key to their build-up.

There were still many arduous tasks facing these zones, Mr. Wu said, such as the transfer of government functions, construction of legislation and the operation of the market economy. The personnel system still was not able to meet the demands of the market economy and spiritual civilization also faced a long-time task. These zones, therefore, had to exercise scientific management in order to meet the demands of the market economy.

Reform and work in various sectors in these zones, he said, should go forward at the same pace. For example, emphasis should not be only placed on a single item but should be put on the coordination of industrial structure and its promotion; it should not only be put on the economic build-up but on reform for the administrative system as well as the construction of morality, culture and ideology and not only on the introduction of foreign capital and opening to the outside world but on the restructuring of the economy.

Relevant departments and their staff should, Mr. Wu said, make full use of all the policies implemented in such zones, striving for realization of the strategic goals set for the zones by Deng Xiaoping.

Deng Pufang Attends Guangdong Disabled Conference

HK0803121494 Guangzhou Guangdong People's Radio Network in Mandarin 1000 GMT 7 Mar 94

[Report by station reporters Fang Ren and Xie Shujian]

[Excerpts] The Guangdong conference to summarize the province's five-year program of undertakings for the disabled, and the Fourth Session of Guangdong Federation for the Disabled were convoked at Guangzhou's Zhudao Guest House today. Provincial leaders, including Xie Fei, secretary of the provincial party committee; Governor Zhu Senlin; and Deng Pufang, president of the China Federation for the Disabled; cordially met delegates to the conference, and had a photo taken to mark the occasion. [passage omitted]

Deng Pufang delivered a speech at the meeting in which he expressed the hope that Guangdong's undertakings for the disabled would develop harmoniously with Guangdong's social and economic development within a short period, and that they would become a showcase and a model of work for the disabled across China.

According to another source, this afternoon, Deng Pufang, president of the China Federation for the Disabled, accompanied by leading members of the provincial government and the provincial physical culture and sports commission, visited the sportsmen of the Chinese Sports Delegation Guangdong Training Team who are to participate in the Sixth Far East and South Pacific Olympics for the Disabled on the part of the Guangdong School of Physical Culture. Deng Pufang affirmed Guangdong's voluminous work in making preparations and supporting these Olympics, and expressed his ardent hopes for the 40-odd disabled sportsmen of Guangdong.

Women Contribute in Designing Beijing-Kowloon Railway

OW1003081694 Beijing XINHUA in English 0804 GMT 10 Mar 94

[Text] Wuhan, March 10 (XINHUA)—Women now "hold up half the sky" in the designing of the Beijing-Kowloon Railway line, which is being busily worked on.

According to officials at the No.4 Institute of Surveys and Design of the Ministry of Railways, 529 of the 1,440 engineers and technicians involved in the surveys and design are women.

The institute, based in this provincial capital of central China's Hubei Province, is responsible for the overall design of the trunk railway line linking south and north China.

Some 125 woman engineers and technicians have been appointed as leaders in charge of professional designing—about half of the leading technicians for the design of the whole Beijing-Kowloon Railway line.

Chen Dajing, a woman engineer in her 50s, worked 448 extra hours last year, completing the design of 22 bridge culverts and re-checked the designs for 19 other bridge culverts, fulfilling her set task six months ahead of schedule.

According to engineers in charge of the construction, China will use 105 items of new technology and equipment in the construction of this north-south trunk rail line, which are expected to greatly increase work efficiency and ensure the quality of the railway project.

Government To Launch 'Massive Assault' on Pollution

HK1003071094 Beijing CHINA DAILY in English 10 Mar 94 p 1

[By staff reporter Zhu Baoxia: "State Plans Massive Assault on Pollution"]

[Text] The government plans to develop eight major environmental projects in the next three years in a bid to control industrial pollution by the turn of the century.

The schemes will be supported by international financial organizations including the World Bank, the Asian Development Bank and Global Environmental Facilities (GEF).

Up to \$1.2 billion is needed to launch the projects which will treat water and air pollution and dispose of solid waste, said an official from the Foreign Economic Co-operation Office of the National Environmental Protection Agency (NEPA).

The prevention of acid rain and studies on the environment are also high on the list of the planned projects, the official said.

NEPA is due to get grants of \$200 million to \$300 million from GEF to control greenhouse gases and to protect bio-diversity.

The agency is now selecting suitable projects around the country. Its reports will be sent to the international organizations for further evaluation.

NEPA officials hope the eight projects will solve environmental problems which damage people's health, like pollution in Lake Dianchi in Yunnan Province and Lake Chaohu in Anhui Province.

They also hope the projects will check the spread of acid rain in the south of the country.

In recent years, China has worked more and more with international organizations on the environment.

And by the end of last year, NEPA had set up 21 Sino-foreign environmental protection projects.

The World Bank and the Asian Development Bank had loaned the agency \$1.14 billion by 1993 and, together with the GEF, they had granted China \$65.61 million for environmental protection and research.

The funding helped environmental protection schemes in Shanghai and in Liaoning Province, research in Hangzhou Bay, and studies on urban infrastructure throughout China.

It also helped to promote local environmental protection work and improve NEPA's administrative capacity, said Xie Zhenhua, the agency's director.

Co-operation between China and the international agencies has enabled the country to obtain advanced environmental protection facilities and improved its environmental information network.

Vice Premier Urges Major Industrial Safety Drive

HK1003070694 Beijing CHINA DAILY in English 10 Mar 94 p 1

[By staff reporter Cao Min: "Zou Demands Major Industrial Safety Drive"]

[Text] Vice-Premier Zou Jiahua has called for a nationwide campaign to protect workers following a horrific increase in the number of people killed in industrial accidents last year.

More than 60,000 people died in thousands of incidents across the country between January and October.

And Zou described the toll in lives and damage as unprecedented.

Governments at all levels should make every effort to stem the rise, he said on Tuesday to the third national tele-conference on industrial safety since July.

He also called for new laws to protect workers and to punish firms which put them in danger.

Protecting workers has an important role in China's economic development, said Zou, adding that governments and enterprises must do all they can to solve any problems.

"While the workers are making contributions to our country, we must bear responsibility for their safety," said Zou.

The tragic rise in the number of accidents was particularly marked in foreign-funded firms and collectively-run mines.

Zou called for new laws on industrial safety to be drafted as soon as possible and for the powers of watch dog groups to be strengthened.

And he stressed that any accident caused by negligence or bureaucracy must be punished severely.

Safety inspections should be carried out regularly, he said, adding that they should target accident black spots such as foreign-funded or township enterprises.

He also hoped the press could improve public awareness of the importance of industrial safety by high-lighting major accidents which claim many lives or cause severe damage.

Labour Minister Li Boyong blamed the accident figures on poor discipline, management, and operation and lack of proper supervision.

Li also accused some managers of going for higher output at the expense of their workers' safety.

He also attacked the illegal practice of dismantling firms safety supervisory departments as they restructured their managements.

Seminar Hails New Religious Regulations

HK1003065894 Beijing CHINA DAILY in English 9 Mar 94 p 9

[By staff reporter Zhong He: "New Laws Regulate Religions"]

[Text] A seminar last week praised two new laws as important steps to set up a framework to govern religion.

Speakers at the meeting, sponsored by the State Council Religious Affairs Office and Legal Daily, saluted the Regulations for Management of Religious Sites and Regulations for the Management of Religious Activities of Aliens in the Territory of the People's Republic of China, signed by Premier Li Peng on January 31.

They said the laws demonstrate China's respect for the religious freedom of foreigners.

The rules guarantee foreigners the right to participate in religious activities and meet with Chinese religious personnel. But they also stipulate that foreigners should not interfere with Chinese religious groups or affairs.

Zhao Puchu, chairman of the China Buddhist Association, said authorities constantly solicited opinions from religious associations while drafting the regulations. He also urged the State Council to speed up drafting its basic law on religion.

The first article of the law on religious sites protects holy activities and spiritual areas, Zhao said.

Ding Guangxun, chairman of the China Christian Council, said the two laws will not cause any big changes in religious practice.

"They will not affect religion, for they add nothing new nor detract from anything we now have," he said.

"Foreigners must not recruit religious followers, appoint religious teachers, or conduct any other proselytizing activities among the Chinese people," Ding said quoting the eighth article of the law.

But, he added, Christians may continue to go to Chinese churches and lectures and exchange ideas.

Ding stressed the two laws must be translated properly to avoid misunderstandings.

Zhang Jiyu, deputy secretary-general of the China Taoist Association, said he hoped the laws will help prevent some local governments from infringing upon the rights of Taoist temples.

Shu Huaide, chairman of the Chinese Catholic Patriotic Association, said the regulations will ensure the integrity of the church and promote understanding between believers and others.

Zhang Shengzuo, director of the Bureau of Religious Affairs, urged government officials and religious leaders to study the laws.

Those attending the meeting also offered suggestions on how to implement them.

Zhao Puchu said officials should carefully register religious sites. The government, he said, should not only register authorized temples, but also those where monks and nuns live and hold regular religious services.

Furthermore, authorities should clearly define what is considered "other religious activities" in the eighth article of the law pertaining to foreigners, he added.

An Shiwei, chairman of the China Islamic Association, pointed out that several mosques have been moved in the past 10 years during urban reconstruction.

"We should make sure that their property rights are not violated," he said.

China has 16 million Muslims, 6.5 million Protestants, 3.8 million Catholics and 6 million Tibetan Buddhists. More than 60,000 religious sites have been approved.

China also has 200,000 clergymen and 47 colleges for religious studies.

Dalai Lama Calls 'Moderate Approach' on Tibet 'Failure'

HK1003060894 Hong Kong EASTERN EXPRESS in English 10 Mar 94 p 10

[By Karl Wilson, foreign editor]

[Text] In what will no doubt come as a shock to many of his followers, Tibet's exiled spiritual leader, the Dalai Lama, has admitted for the first time that his moderate approach to his homeland's independence from China has been a failure.

In a statement to mark the 35th anniversary of the Tibetan uprising in 1959 the Dalai Lama said: "I must now recognise that my approach has failed to produce any progress either for substantive negotiations or in contributing to the overall improvement of the situation in Tibet. Moreover, I am conscious of the fact that a growing number of Tibetans, both inside as well as outside Tibet, have been disheartened by my conciliatory stand not to demand complete independence for Tibet. Because of my statement, some Tibetans have come to believe there is no hope at all for the Tibetan people regaining their basic rights and freedoms. This, and the lack of any concrete results from my conciliatory approach towards the Chinese Government over the past 14 years, has caused disillusionment and undermined the resolve of some Tibetans."

The Dalai Lama said that in his negotiations with China to try and "restore freedom, peace, and dignity" to Tibet he had always sought to be guided by "realism, patience, and vision."

"For the past 14 years, I have not only declared my willingness to enter into negotiations but have also made maximum concessions in a series of initiatives and proposals which clearly lie within the framework for negotiations as stated by Deng Xiaoping in 1979 that 'except for independence of Tibet, all other questions can be negotiated.' The ideas put forward in my Five Point Peace Plan for Tibet in 1987 and the Strasbourg Proposal in 1988 envisage a solution which does not ask for the complete independence of Tibet."

On both occasions the Chinese government refused to enter into negotiations with the Dalai Lama. "The issue," he said, "is not my return to Tibet but the survival of Tibet's six million people, its culture and civilization. I have made it clear that the negotiations must centre around ways to end China's population transfer policy, which threatens the very survival of the Tibetan people, respect for Tibetan's fundamental human rights and entitlement to democratic freedom, the de-militarisation and de-nuclearisation of Tibet, the restoration of the Tibetan people's control over matters affecting their own affairs, and the protection of Tibet's natural environment."

"I have always emphasised that any negotiation must comprise the whole of Tibet, not just the area which China calls the 'Tibet Autonomous Region.'" Many exiled Tibetans have been critical of the Dalai Lama's moderate stance over the years and what many have considered his appeasement of China.

Tibet was incorporated into the People's Republic of China in 1950. Nine years later the Dalai Lama and up to 60,000 of his followers fled into exile in India after a bloody revolt against Chinese rule. The Dalai Lama has maintained that since China's "occupation" of Tibet 1.2 million people have died. Others have described China's rule over Tibet as tantamount to cultural genocide.

"I had hoped that my middle-way approach would eventually create an atmosphere of mutual trust, conducive to fruitful negotiations, and exert a restraining influence on the repressive Chinese policies in Tibet," he said. "But the Chinese Government has rejected my overtures one after another and has consistently attempted to confuse the real issue. Meanwhile, the magnitude and gravity of the situation inside Tibet has dramatically escalated."

"Developments in Tibet have been marked by an intensification of the Chinese policy of suppression, the marginalisation of the Tibetan people in their own country, the gradual extermination of our unique culture and religion, and the destruction and exploitation of Tibet's environment," he said.

The Dalai Lama's initiatives for Tibet have been largely endorsed by the international community. China, however, maintains that Tibet is an integral part of the PRC. "I have left no stone unturned in my attempts to reach an understanding with the Chinese," he said.

The Dalai Lama said he would "remain committed to finding a peaceful and negotiated resolution to the issue of Tibet." He called for increased international political and economic pressure on China to "resolve the problem of Tibet peacefully and amicably".

Commentator Urges Carrying Forward Lei Feng Spirit

HK1003044694 Beijing RENMIN RIBAO in Chinese 5 Mar 94 p 1

[Commentator's article: "Let the Lei Feng Spirit Shine at Every Post"]

[Text] The third national seminar on the "drive for people in all walks of life to perform their duties in Lei Feng's way to develop new practices" opened yesterday. The deeds achieved in the drive to learn from Lei Feng by representatives of advanced units and individuals of 14 "window industries [representative and key industries]" across the land, which are vivid and touching, have reproduced and raised to a higher level the Lei Feng spirit, thus making positive contributions to advancing socialist culture and ideology.

As we face arduous tasks to accomplish the promotion of reform and economic construction, there is all the more need to use the Lei Feng spirit to unite and encourage the broad masses to work hard to make greater achievements and, on the other hand, to educate and stimulate the people to advance the pure and get rid of the evil, encourage healthy trends, and strive for social progress.

The "drive for people in all walks of life to perform their duties in Lei Feng's way to develop new practices," which was created by the people in the campaign to learn from Lei Feng, is very popular. Facts show that injecting the Lei Feng spirit into every ordinary work post to achieve socialist modernization and into every step the

people take to attain their ideals, is a good and effective way of deepening the campaign to learn from Lei Feng in the new period and should be continued for a long time.

What is important in emulating Lei Feng is perseverance and practical results. To achieve this, we must have our feet planted firmly in our own work posts and give expression to the ideological principle of serving the people heart and soul in our work. The common characteristics of many people who have distinguished themselves in learning from Lei Feng are that they dedicate themselves wholly to their work, willingly do and dig into any job they are assigned, study hard, honestly perform their duties, work in a down to earth manner, and engage themselves in unostentatious hard work so that they can put on a first-rate work performance. We must advocate this spirit. It is of great practical importance to improve the work style of all trades through the campaign to emulate Lei Feng. Certain unhealthy trends usually find expression in professional characteristics. We must find out where the shoe pinches and conduct education on professional ethics in line with actual conditions so that we can encourage standing up for what is right and resisting what is wrong and inject the Lei Feng spirit into the work style of all walks of life and achieve substantial results.

It is necessary to integrate the drive with our efforts to comprehensively raise the general public's moral, cultural, and ideological levels to nurture a new generation. The fact that people cherish the memory of Lei Feng and wish that he would come alive again under the new situation reveals their hopes for fostering high social standards. The Chinese youth volunteers activities [zhong guo qing nian zhi yuan zhe huo dong 0022 0948 7230 1628 1807 1959 5074 3172 0520], which have recently been organized in more and more urban and rural areas across the land, are welcomed by the masses. The masses are glad to see more and more people helping those in difficulty, taking pleasure in helping others, or enthusiastically promoting public welfare, which has resulted in the gradual formation of a mightily healthy trend. We should carry on such activities intensively, perseveringly, and in a down-to-earth manner and work unremittingly for the elimination of extreme individualism, mammonism, hedonism, and all sorts of objectionable phenomena.

The deeds of Comrade Xu Honggang, who rose gallantly for a just cause and risked his life for another, have aroused a strong echo in all walks of life. This reflects the love the masses cherish for heroes and the value they attach to a good social atmosphere. Every trade, area, and department should set a number of people up as advanced models who give expression to the Lei Feng spirit, to encourage other people to make progress in expanding the contingent of advanced elements. Propaganda departments must vigorously disseminate the deeds of advanced models and spread the use of advanced experience to cultivate a social climate of emulating and trying to catch up with advanced elements

and to carry on the campaign to learn from Lei Feng intensively and perseveringly.

Party committees at all levels must sum up the experience created in the drive and strengthen their leadership of the drive. Leading cadres at all levels in particular, should set an example and take the lead in learning from Lei Feng. We are convinced that through the efforts of every member in society, the Lei Feng spirit will bear richer fruits in the new historical period and shine more brilliantly in the various work posts.

Correction to Agenda for Second Session OW0903141294

The following correction pertains to the item "Agenda for Second Session" published in the 9 March China DAILY REPORT on pages 18-19: Page 19, column one, paragraph nine, make read ...8. Hearing and deliberating a report by Zhang Siqing, procurator...(adding words).

Economic & Agricultural

Zhu Rongji's Tax Reform Suffers 'Major Setback' HK1103024094 Hong Kong HONGKONG STANDARD in English 11 Mar 94 p 12

[By Cary Huang, China editor, and Shiny Li in Beijing]

[Text] Executive Vice-Premier Zhu Rongji's tax reform program has suffered a major setback as opposition forces have succeeded in partly stretching the timetable of the ambitious policy under the excuse of maintaining social stability.

State-run large and medium-sized enterprises were given preferential treatment by having the rate for unified corporate tax reduced, while the most controversial value added tax (VAT) on land and property was expected to be delayed, Chinese sources said. The unified corporate tax introduced at the beginning of this year stipulates that all firms in China should contribute 33 percent of their earnings to the state coffers without any exception. The state regulations on the implementation of value added tax on land and property is scheduled to be published next month.

However, the most controversial tax reform package in more than four decades of the communist rule in China has met strong opposition from the central planners and the business community, especially business people from the fastgrowing southeast regions. Chinese sources said both central planners and reformist regional officials joined hands to block the reform, although they stood on quite a different ground.

In his government work report presented to the second plenary session of the Eighth National People's Congress yesterday, Premier Li Peng apparently sidestepped the implementation of the reform policy and failed to report on the timetable to introduce the VAT on land and

property sales. Mr Li mentioned that the government was to introduce the tax reform package, but failed to detail implementation of the fundamental restructuring program in China. The government would "reform the tax system, institute a turnover tax with value added tax as the main component, introduce a uniform income tax on domestically funded enterprises," Mr Li said in the report. This was the only account on the tax reform.

"Mr Li apparently gave himself room for amending the reform package and adjust the timetable for implementation," a Chinese economist said.

Obviously due to the pressures from the coastal regions, especially the special economic zones and coastal open cities in which foreign-funded firms have been enjoying tax exemption and holidays, Mr Li applied the uniform corporate tax only to domestic firms. Initially, the uniform corporate tax would apply to all firms no matter what status they enjoyed.

Central planners represented by Mr Li and his deputy and former planning minister Zou Jiahua wanted to give state-run firms better treatment, such as a lower tax rate or holiday, while coastal officials hoped to keep their preferential status to woo overseas investors, China analysts said. Despite having different targets in mind, both camps joined hands to block the reform package. Chinese sources said central planners had worked out measures to reduce tax rates for loss-running state firms.

Late last month, a central document jointly issued by State Commission for Restructuring the Economy and the State Planning Commission said some state firms with poorer performance or lower profits would be given a lower rate of 27 and 18 percent in the corporate tax. This would be within a two-year period as a transitional measure to the 33 percent uniform corporate tax. Some enterprises would have tax rebate for those reduced tax payment until the end of '993, if they obtained approval by governments at the provincial level and were examined by the Finance Ministry and State Administration for Taxation. For the sake of supporting old state-run industries, the document said they would not be asked to submit after-tax profits, provided the central department approved.

The document also rolled back a reform policy on investment to allow direct investment in enterprises by the government. "Central and regional governments would inject more capital into those firms listed by allowing financial injection by the government instead of loans from banks in a move to increase the firm's capital," Chinese sources quoted the document as saying.

However, Finance Minister Liu Zhongli yesterday side-stepped rumours that Beijing was to delay the VAT on land and property. "I have not learnt such a message so far," Mr Liu said. "However, all regulations and decrees issued by the State Council should be implemented. The state regulation on the implementation of value added tax is being worked out now," he said. Mr Liu's remark

apparently confirmed the implementation of the policy, originally scheduled for the beginning of next month, would very likely be delayed.

Planning Minister's Report Calls for Control

HK1103023094 Hong Kong SOUTH CHINA
MORNING POST in English 11 Mar 94 pp 1, 10

[By Chris Yeung in Beijing]

[Text] China will tighten macro-level control over the economy to ensure a "stable environment" for its bold drive for a socialist market economy, according to a report by State Planning Commission (SPC) Minister Chen Jinhua. The report on economic and social development, to be tabled by Mr Chen at the National People's Congress (NPC) this morning, laid down a detailed strategy to introduce macro-level adjustment and control over the economy through economic and legal tools, as well as "the requisite state fiat".

The preservation of social stability is a must in the process of further seeking economic growth and pushing forward the reform programme for a market economy, Mr Chen said in his 29-page report. "Nothing can start without a stable social environment," he said. Adjustment and control over the economy must be strengthened and further improved to ensure targets of economic and social development for 1994 will be realised, said Mr Chen.

The major targets listed by Mr Chen included:

- GNP growth rate of nine percent.
- Total fixed asset investment of 1,300 billion yuan (HK\$1,154 billion) for 1994.
- A deficit forecast of 66.9 billion yuan. Together with domestic and foreign debts and loans, total debts will reach 129.2 billion yuan this year.
- A ceiling of 470 billion yuan for new bank credit.
- A total value of imports and exports of US\$200 billion (HK\$1,544 billion). Imports of US\$100 billion and exports of US\$ 100 billion.
- An increase in retail prices will be kept within 10 percent.

Speaking yesterday, Finance Minister Liu Zhongli explained that the total estimated deficit was much higher as a result of the introduction of a new budget auditing system in order to keep inline with international practice. He put the estimate of deficit at about 30 billion yuan based on last year's accounting method which is significantly higher than the 20.5 billion yuan deficit last year. The country's financial situation, described by Mr Liu as "severe" in his budget, will also be reported on at today's NPC session.

The macro-adjustment and control was to "mutually coordinate" and "harmonise" with the need to maintain

"reform development and stability". Although "development is the rigorous test of reason", the SPC head said the pursuit of development should have "new ideas". The crux is to focus on optimising economic structure, speed up technological improvement, strengthen management and boost efficiency," he said. "Only by doing this can development help create a better economic environment for reform and be beneficial to social stability." Mr Chen maintained that the enforcement of major fiscal, taxation, investment, foreign trade and enterprise reforms should be closely monitored. Any new problems should be solved promptly, he said. All regions and departments should make efforts to contain inflation by co-ordinating all economic and legal tools and the necessary administrative measures, he said.

The senior official, seen as a close ally of Vice-Premier Zhu Rongji, indicated that the major task of macro-adjustment and control was to balance the overall supply and demand. The task must begin with strict control over fixed assets investment, he said. In addition to the ban on fixed assets projects, Mr Chen ordered banks at all levels to strictly follow the loan plan for such projects. Inter-bank loans should be scrutinised and any illegal raising of funds should not be allowed to revive, the official said. The focus of real estate should be placed in co-ordination with the Government's housing reform, he said, warning against any move to expand capital investment under the disguise of building more residential flats.

Mr Chen revealed that the SPC and relevant departments and regions would tighten up supervision over the planning of projects of some special "popular products and projects". This, he maintained, will avoid blind and repetitive construction plans and maximise the use of resources. On the demand side, Mr Chen has vowed to strictly control the growth of the level of wages. Unregulated payment of bonus and subsidies will be stopped, he said. The central Government would also promote frugality and resolutely oppose the prevailing phenomenon of extravagance, he said. Mr Chen said the central bank would be strengthened to control on the growth of money supply and credit. The revamp of the fiscal order will continue, he added.

In the face of the high inflation last year, the SPC chief admitted that the inflationary pressure this year remained strong, citing plans to readjust the prices of daily necessities including energy, grain and cotton. A series of measures have to be taken to ensure price rises are being kept at an acceptable level. These included the increase of supply by boosting the production of grain, cotton, edible oil, sugar and meat; cracking-down against illicit raising of prices; and the establishment of a comprehensive supervisory and controlling mechanism on prices.

Mr Chen disclosed that the State Council had decided to launch two nationwide inspection on prices in the first and second halves of this year to crack down on price hoarding and activities that disrupt market order.

Think Tank Head 'Fears' Growth Uncontrollable

HK1103023294 Hong Kong SOUTH CHINA
MORNING POST in English 11 Mar 94 p 9

[By Chris Yeung]

[Text] A top government think tank has expressed fears that the country might not be able to keep annual growth to the target of nine percent which would worsen inflation, already showing signs of upsurge in the past few months.

Director of the State Council's Development Research Centre Professor Sun Shangqing said the annual rate of economic growth this year might go beyond 10 percent following double-digit growth in the past two years. Last year's economic growth was 13.4 percent but Premier Li set a target of a nine percent growth rate for 1994.

Professor Sun, seen as a close adviser to Vice-Premier Zhu Rongji, stressed that the growth rate of nine to 10 percent was appropriate, adding that this was already a "very fast" pace. "If we fail to control the growth of fixed-assets investment the economy will over heat again, causing inflation," he said. "This is detrimental to the investment environment and the livelihood of the people."

In addition to capital investment the head of the top think tank indicated that price reforms this year would further push up prices. But he stressed that inflation was inevitable in the transitional period from a planned economy to a market economy. "Inflation is acceptable as long as it is within the limits that the public can bear. I'm always against inflation. But inflation at a transitional period is inevitable. That does not mean I support it," said the professor.

Professor Sun said the central Government's huge deficit would also make an impact on inflation. "That's why our major task this year is to strictly control expenditure while boosting revenue. "Of course, there will be dissenting views. But [everybody] has to put the general good above his own interests," he said. Although some regions wanted a faster pace of growth, Professor Sun said any moves to pursue an unrealistically fast growth rate that was not suited to the regions' capabilities would be prohibited under the macro-control and adjustment drive. "We hope that delegates can come to a consensus and make collective efforts to keep total fixed-assets investment this year to 1,300 billion yuan (HK\$1,154.4 billion)," said the director.

Professor Sun also defended the need to stress the vital significance of maintaining stability this year, saying that this was the "pre condition" for development. "We did not talk a lot about stability last year because the situation was different. We already had a 13.4 percent rate of growth last year. Maintaining social stability is in the interest of all the people," he said.

Professor Sun denied suggestions that the country was already in danger of stagnation despite a surge of prices

in the first two months of this year. "The most important thing is that people from all walks of life are aware of the fact that our pace of growth has already been too high. We should now pay greater attention to improving efficiency," he said.

Article Views Prospects for Economy, Reform

*HK0903072094 Hong Kong CHING PAO in Chinese
No 3, 5 Mar 94 pp 26-29*

[Article by Chiang Che-wen (3068 0772 2429): "Zhu Rongji Braves Wind and Waves, and Jiang Zemin Invites Party Organ Officials to a Banquet for a Special Purpose"]

[Text] Reiterate Reason for Controlling Total Credit

With 1993 just ending, the CPC hierarchy has begun to feel unprecedented pressure on the issue of stability. Around the Lunar New Year, prices of basic necessities including grain, edible oil, and so on rose and fluctuated by 20 to 30 percent in various localities across the country, which elicited pessimistic sentiments about the economic prospects for 1994 and a premonition of uneasiness among mainland people. The phenomenon of panic purchasing, which has seldom been seen in recent years, suddenly emerged again. Given the emergency measures adopted by the CPC hierarchy and the temporary stability of commodity prices, the dark economic shadow cast on people's minds by the earlier fluctuations cannot be removed.

Moreover, the "Decisions Concerning Several Issues on the Establishment of a Socialist Market Economic Structure" adopted by the Third Plenary Session of the 14th CPC Central Committee last year were partially put into practice at the start of this year. However, mainland people are still unfamiliar with most of the contents of the "Decisions." In various localities, people were resentful or felt puzzled to varying degrees about the policies made according to the "Decisions." Some local officials in the economically developed regions or provinces are dissatisfied with the value-added tax and revenue-sharing systems and think that these policies, which are aimed at intensifying the controlling ability of the central authorities and weakening the financial powers and resources of localities, will substantially retard their economic development speed. In many areas, people once again started an investment craze by taking the opportunity of relaxed macroeconomic regulation and control by the central authorities to seek more loans to expand local economic development, which has intensified inflationary pressures on the mainland considerably.

Furthermore, millions of workers and staff members throughout the country who work in large and medium state enterprises, two-thirds of which are bogged down in the predicament of open or hidden losses, feel uneasy and greatly dissatisfied in the face of soaring prices. Since the end of last year, social security conditions on

the mainland have deteriorated again, with the proportion of serious cases increasing and the phenomena of organized crime worsening....

The CPC hierarchy is very worried about the above situation. For this reason, while stressing the importance of intensifying social security, cracking down on various criminal activities, stabilizing commodity prices, and properly arranging the masses' lives, it recently decided to reiterate those policies and measures practiced by the central government since last June to stabilize the economy, rectify the monetary order, strictly control the total amount of credit, reinforce supervision and management of finance, and intensify central macroeconomic regulation and control. In addition, it particularly stressed the need to "continue exercising strict management by mandatory planning in granting loans for investment in fixed assets."

The CPC Recently Put Forth a "20-Character Principle"

Additionally, the CPC hierarchy also held an unprecedentedly large-scale national propaganda and ideological work meeting in the second half of January to make "work arrangements" for controlling social opinion and preventing the media from engendering social disturbances.

It is thus obvious that the work focus of the CPC hierarchy has now been put entirely on "stability." The guiding policy ideology of "accelerating both reform and development" has faded. Apart from retaining the former wording of "sustained, rapid, and healthy" economic development, it has lately put forth a "20-character principle:" "Seize the opportunity, deepen reform, open the door wider, promote development, and maintain stability." This is the overall requirement for work this year, so various tasks should be carried out to serve and meet this requirement. Meanwhile, authoritative personalities in economic circles feel that basic stability should be maintained in five areas—prices, speed, agriculture, money, and society.

Since the second half of last year, Zhu Rongji, State Council vice premier and concurrently president of the People's Bank of China, has been widely criticized and complained about by local officials because of the measures he adopted to stabilize the economy and intensify central macroeconomic regulation and control. However, he has broken silence and become very active recently, and his position and views have been highlighted again.

Models of Decentralization and Centralization Originated From Third Plenary Session

Within the CPC hierarchy, there is generally no divergence of views on the issue of "whether or not the central capability in macroeconomic regulation and control should be augmented and whether or not the central committee should have powerful authority." The CPC hierarchy has been deeply worried about this issue over

the past few years. During the last 10 years or so, every upsurge of economic development on the mainland has been generated from the practice of various policies and measures to repeatedly decentralize or delegate power to the lower levels, and every standstill or slowdown in economic reform and development has been caused by centralizing or withdrawing power from the lower levels. As a matter of fact, all such moves, decentralization, centralization, and the delegation or withdrawal of power, no matter how they are looked upon, comprise the basic content of reforms, anti-reforms, development, and stagnation on the mainland over the past 10 years or so. The problem is: the centralization, decentralization, and the withdrawal and delegation of power were all carried out under the precondition that the political and economic structures generally remained unchanged, so that decentralization and the delegation of power to the lower levels became a special means to mitigate crises in the old structures and to display their structural functions, while centralization and the withdrawal of power became an act of intensifying and supporting the old structure by amassing achievements scored through decentralization and the delegation of power to the lower levels. The "mutually complementary" effect which was unexpectedly obtained from these two opposite and contradictory actions in the old structure caused interest groups in the CPC and its administrative officials at various levels to expand. This has enabled them to form "common interests" on a greater scale and caused their motive of relying on the old structure to gain more interests through decentralization. As a result, the old structure has been able to maintain its existence for a long period of time.

However, within the original structural framework of decentralization, centralization, and the delegation and withdrawal of powers, the mainland's economic development has been unable to avoid and overcome the malpractice of big fluctuations, haphazard expansion, and rigid uniformity. The major development of factors of a market economy obtained from the decentralization of power cannot be transformed into any wealth in the old structure through the centralization and withdrawal of power from the lower levels, nor can it continue to form factors for healthy economic development under the model of decentralization and the delegation of powers to the lower levels. Therefore, a model of combined decentralization and centralization emerged in the "Decisions" passed by the Third Plenary Session of the 14th CPC Central Committee. Starting from the overall transformation of the economic structure, the CPC attempted to create and provide a brand new structural framework for the mainland's economic development. Under this framework, a modern enterprise system would be instituted as a supporting point, which would be propped up by a market system, taxation, finance, state macroeconomic regulation and control, and a social insurance system; the administrative division of power would be determined by the scale of assets comprising the market; and a new power structure would be established under the conditions of a market economy.

Zhu Rongji Braves Wind and Waves

Therefore, when we assess economic reform on the mainland today, we can no longer use criteria such as whether it is decentralization, centralization, and the delegation and withdrawal of powers. Instead, we should have our eyes on whether or not it is beneficial to fostering the main body of activities in a market economy and effectively allocates resources in accordance with the laws governing the market economy. Judging from these new criteria, the decentralization and delegation of power to the lower levels is not necessarily tantamount to reform, and the centralization and withdrawal of power from the lower levels is not necessarily tantamount to anti-reform either. In fact, the withdrawal of powers in unrestrained and arbitrary fund-raising, the arbitrary establishment of projects, and arbitrary investments, which concentrates energy on several infrastructure facilities which have a significant bearing on the national economy and the people's livelihood, may even be more conducive to the establishment of a market economy structure. Of course, powers withdrawn from the lower levels should not be held in the hands of the relevant government departments as they were in the past under the planned economy. Rather, they should be concentrated in the hands of enterprise organizations which are responsible for activities, such as state investment and development banks, and so on. In short, it will not do to follow the beaten track of seeking interests through the decentralization of powers on the strength of the old structure to spur economic development. However, the complexity of the issue lies in the fact that, under the situation where the current market economy system on the mainland is unsolid and the institutions of the market economy are relatively weak, in order to achieve comparatively rapid economic growth, the administrative decentralization of power is still regarded by most provinces, cities, and localities as the only effective measure to choose. Therefore, since the second half of last year, Zhu Rongji has adopted a series of policies to rectify the monetary order and intensify macroeconomic regulation and control. As he has totally blocked financial resources obtained by localities before, he was universally criticized and resented. Moreover, the new taxation system proposed in the "Decisions" has also considerably reduced the local revenues of many localities. This evoked the dissatisfaction of local governments even more intensely so that Zhu Rongji was condemned for "taking the old path of the planned economy" and "retrogressing in reform."

At present, government departments in various localities are still the principal planners and organizers of local economic activities, and are still handicapped by the "decentralization of powers is equal to reform" model. They do not understand very well the complete series of new measures for the establishment of a market economy structure put forward in the "Decisions," and, therefore, are not very enthusiastic about the above policies. At present, when the CPC hierarchy is reiterating such measures as "continuing to rectify the monetary order and reinforcing management of investment in

fixed assets by mandatory planning," they inevitably sharpen conflicts between the central and local authorities, and Zhu Rongji is precisely braving the wind and waves in these conflicts. If conflict continues to grow, economic and political turbulence on the mainland is unavoidable, and the person running the greatest risk is none other than Zhu Rongji.

CPC Bedeviled by Large Numbers of Unemployed Personnel in State-Owned Enterprises

Increased inflationary pressure is regarded by the CPC hierarchy as the most important factor affecting stability, and several dozen million staff and workers in the vast number of state-owned enterprises on the mainland are the people who are most seriously victimized by inflation. Because two-thirds of state-owned enterprises have had production suspended or semi-suspended due to known or hidden losses, the vast number of staff and workers are in low spirits and resentful as they have lost wage income and have found no way of becoming rich, thus becoming the most unstable social force in mainland society at present. Since the CPC's rectification of the monetary order and the intensification of macroeconomic regulation and control last year, loss-making enterprises and the vast number of workers in them were the first to be adversely affected. The shortage of circulating funds has caused more than half of the mainland's large and medium state enterprises to land in the predicament of being tied up by enormous "debt chains" amounting to 370 billion yuan, and several dozen million enterprise staff and workers are receiving less than a half of their original wages to live on. With the price surges facing the mainland at present, staff and workers in these enterprises are almost unable to support their families. The CPC hierarchy is worried about inflation, but in fact it is worried that workers from these loss-making enterprise workers in the cities may take to the streets to create trouble. If workers adopt an antagonistic attitude toward the government, this will become one of the most acute contradictions on the mainland now.

Corruption Deepens Misunderstanding Between Officials, Civilians

Naturally, economic problems should be resolved through economic measures. However, under the present circumstances where there are still no effective policies to resolve economic contradictions rapidly, the use of political means is indispensable. However, it is precisely in this aspect that many measures adopted by the CPC hierarchy have been barely satisfactory. Since the second half of last year, various fields of endeavor, including the anticorruption campaign, controls on the press, emphasis on building spiritual civilization, the crack down on criminal activities in society, and so on have all been political measures taken by the CPC to coordinate with stabilizing the economy and eliminating unstable social factors. Judging from their current actual effects, however, these political measures have not had marked results. This is manifested by the lack of good relations of mutual trust, understanding, and support between the

government and the people like in the past. For this reason, the government is bent on preventing the people from "creating trouble," and the people regard government cadres as "corrupt officials" who are "degenerate and incompetent," "imperious and despotic," and "scrambling for power and profit." There are a lot of barriers between officials and civilians but very few channels for straightening out misunderstandings between them, with grievances constantly accumulating and their removal becoming increasingly difficult. It has limited advantageous resources to tap and exploit while using political means to alleviate contradictions in economic development.

One of the barriers between mainland officials and civilians is the corruption among quite a number of officials. Although the CPC hierarchy has conducted an anticorruption campaign on a grand scale since the second half of last year, and has really exposed and handled a number of cases involving government officials who took bribes and perverted the law, it has failed to win more faith and understanding from the masses. This is due to a lack of transparency in the course of handling cases. As the results are not publicized (in most cases), and adjudication according to the law is not strictly conducted, the way cases are handled has been castigated by the public. People ask: "How many cases involving corrupt acts by officials have there been after all? How senior are the officials involved in corrupt deals? How many option struggle should be waged, but a certain yardstick should be applied to avoid causing harmful social effects which indicate 'the overall decay of the Communist Party and its cadres.'"

These stipulations did not come up to the masses' expectations of the anticorruption struggle, so they have not won more understanding, trust, and support from the masses. This being the case, the reform propositions and programs introduced by the CPC and its appeal to the masses to maintain social stability do not have adequate basic social conditions, and its call on the masses to participate in the building of spiritual civilization has become a mere formality of making empty talk.

Officials, Civilians Have No Channels for Mutual Understanding, Exchanging Views

Another barrier between officials and civilians is the lack of channels for mutual understanding and the exchange of views. The mainland's press and propaganda media are under direct official control so they can only "give lectures," "instill the party's views," and "provide guidance" to the masses; more often than not, the "reflection of the people's voices" is restricted to giving support and endorsement to the policy decisions of the ruling party and government, while the substantial volume of divergent voices and views from the masses representing different interest groups are rejected. Officials and civilians cannot exchange views and reach consensus through the public opinion media, hence the masses can only

build up an opinion atmosphere centering around matters with which they are concerned in a covert sphere, which runs counter to the opinions of the ruling party and government. Then, the authorities only conduct "self-propaganda and self-performance" without any audience or spectators in a public arena for public opinion. In this way, they have lost an effective means to eliminate unstable social factors in a timely manner.

As viewed from the mainland's political structure, the organizations of the Chinese People's Political Consultative Conference [CPPCC] and so-called "multi-party cooperation" are at most a number of "CPPCC branches" of the ruling party. They have no unique political program, sound organizational system, and political function of running for elections, voting, and directly engaging in administrative affairs. The composition of aging personalities has long lost its ability to "participate in the deliberation and administration of state affairs," and the social strata they previously represented have been unable to conduct an effective flow of political views with the ruling party through them. As for the people's congress being the "fundamental political system" directly controlled and "led" by the ruling party, the election of deputies is subject to strict official selection. Hence, deputies do not represent the electorate, and the level of their participation in the deliberation and administration of state affairs is low. At ordinary times, they can "keep in step with the central authorities," but when a major political event takes place, they can simply do nothing. Around the time of the 4 June incident in Beijing in 1989, the insignificance and impotence of the people's congress system fully proved that it could not be a political organization capable of ensuring social stability on the mainland, and that the people's will cannot really form harmonious unity with that of the ruling party through this organization.

Politburo Standing Committee Broke Rule To Fete Party Organ Officials

To sum up, the only measure the CPC hierarchy can choose to surmount the predicament of social instability encountered by the mainland's economy and development at present is to mobilize all traditional means to strive to "provide against possible trouble." A source on familiar terms with the CPC hierarchy disclosed a few days ago that the phrase, "birds startled by the mere twang of a bow-string," is the most accurate expression used to describe the general mood of the mainland people and senior personalities in the CPC. In the case of the people, the "frightened birds" are worried about inflation and price surges this year, and the "frightened birds" among senior CPC personalities fear that the masses will stir up large-scale turmoil and social unrest. Against this background, the CPC hierarchy recently decided to continue practicing the policy of "rectifying the monetary order and stabilizing the economy" introduced in the second half of last year, appropriately slow down the pace of large-scale economic structural reform, curb ever-expanding investment in fixed assets, conduct

some basic work and break through monetary structural reform first, and, at the same time, allocate large amounts of funds to properly arrange the lives of staff and workers in urban loss-making state enterprises so that they can have a happy Spring Festival.

At the national propaganda and ideological work meeting held in the second half of January, the CPC hierarchy promulgated various policies to control media opinion, intensify the management of the cultural market, and called for press circle to "closely center around the themes and avoid making noises, engaging in controversies, or committing mistakes to do a good job of maintaining social stability." Before the above meeting began, the Standing Committee of the Political Bureau of the CPC Central Committee specially summoned the leading cadres from RENMIN RIBAO for a talk, and broke the rules by laying on a banquet for them. CPC General Secretary Jiang Zemin greeted them by cupping one hand in the other and saying: "Would you be kind enough to do propaganda work well this year? When public opinion work is properly performed, we can set our minds at ease in resolving reform and development issues. This is what the central authorities are most concerned about and have heeded seriously." This remark is regarded as "words uttered at a moment of desperation."

According to the latest analysis by a mainland economist, the CPC hierarchy is now caught in a dilemma: The economy must be stabilized at the expense of the growth rate, which will evoke universal dissatisfaction from local government officials and which will affect the CPC's authority. However, the encouragement of growth and the relaxation of macroeconomic regulation and control will trigger off higher inflation, thereby infringing upon the people's immediate interests and engendering social unrest. To tackle this dilemma, the CPC hierarchy lacks advantageous political capital to handle various contradictions, so it can only intensify the functions of the traditional political structure. As a result, the contradiction where political structural reform lags behind economic structural reform will become ever more conspicuous. In this regard, people should not be blindly optimistic about the situation on the mainland this year.

Economy 'Adopting International Practices'

OW1103014294 Beijing XINHUA in English 0124
GMT 11 Mar 94

["Roundup": "China Plunges Into World Economy"]

[Text] Beijing, March 11 (XINHUA)—China has entered into a new stage of its economic development by adopting international practices following 15 years of opening-up and reform.

Historic changes have taken place in China's economy since its opening to the outside world. The country now ranks 11th in the world, making up two percent of the world's total trade volume. But 15 years ago it followed

31 other countries, accounting for no more than one percent of the world's total trade volume.

China's imports and exports hit 195.8 billion U.S. Dollars last year, five times over the 1978 figure. They now occupy about one-third of the country's gross national product (GNP) and one-fifth of the country's GNP comes from its exports.

To standardize its trade regulations in line with international practice, China has sped up foreign trade reforms.

Now licence is required on only 138 varieties of commodities before they can be exported, 52 percent less than the figure for 1978. At present all but 16 varieties of special exports can be freely exported.

As for imports, China has lowered its import tariffs twice following its elimination of the import adjustment tax. The tariff rate is now 7.3 percent lower than that of 1978.

China is also learning from foreign countries' experience in economic, financial and business management. A shareholding system is being established in its state-run enterprises. A financial system in the framework of the central bank, specialized banks and commercial banks is also being built in the country. Price reforms are continued for the establishment of a unified and open market system.

The unified exchange rate system China has adopted since January this year is helping the country to achieve even more in its opening-up to the outside world.

China has made itself an ideal place for foreign investment through opening up its huge potential market and implementing international practices.

China has so far drawn foreign investment from more than 100 countries and regions. Six percent of the country's total industrial output value comes from its foreign-venture enterprises, and their imports and exports make up more than one-quarter of the country's total imports and exports.

By the end of 1993, 167,500 foreign investment enterprises had registered for operation in China. Moreover, foreign investment now ranges from finance, real estate and insurance to retail sales, foreign trade and business information services.

China has encouraged its enterprises to compete with foreign enterprises overseas. Some Chinese enterprises have set up branch ventures in foreign countries, bought foreign enterprises, partaken of shareholding in foreign enterprises and issued stocks abroad.

By June 1993, China had set up 4,453 enterprises with a total investment of more than five billion U.S. dollars in other countries and regions. Meanwhile, contract labor service cooperation has been expanded to more than 160 countries and regions.

So far, China has opened to the outside world a total of 500,000 square kilometers of its area, including 339 cities and counties with a total population of 320 million.

Paper Views Changes in Profit Distribution

HK1103070594 Hong Kong TA KUNG PAO in Chinese
24 Feb 94 p 6

["Special dispatch": "New Reform Measures for Profit and Tax Distribution in State-Owned Enterprises Will Be Adopted To Make It More In Line With International Practice"]

[Text] Beijing, 23 Feb (TA KUNG PAO)—Recently, the State Council announced a series of reform measures to regulate the profit distribution relations between the government and state-owned enterprises. All the measures will be put into effect starting this year. The Ministry of Finance believes this move tallies with the requirements of building a socialist market economic structure, conforms with the international practice, and can help enterprises compete with each other on a fair and equal footing.

Major measures are as follows:

- Rates of income tax collected from domestic-funded enterprises will be standardized at 33 percent, while the regulatory business tax levied on state-owned large and medium enterprises will be abolished.

However, in consideration of the poor economic efficiency and inability to submit more profits to higher authorities, the Ministry of Finance has introduced two preferential tariff rates: Enterprises with an annual tax and profit amounting to less than 30,000 yuan can enjoy a reduced tax rate of 18 percent, while enterprises with an annual tax and profit of between 30,000 and 100,000 yuan can enjoy a reduced tax rate of 27 percent.

- The practice of repaying loans before paying taxes will be abolished. Enterprises are required, without exception, to use their own retention funds to repay the principal of loans they have borrowed for fixed assets investment and no deduction will be made before they pay tax.

- A system of after-tax profit distribution on state-owned assets investment will be set up gradually, featuring distribution of dividends in proportion to shares, allotment of profits according to capital ratio, and submission of after-tax profits. In view of the realistic situation in enterprises and according to the state industrial policy, enterprises' task of technical transformation, and other realistic conditions, the Ministry of Finance is considering the possibility of putting into effect in most fully state-owned old enterprises (with the dividing line drawn at 31 December 1993) a practice by which such enterprises will not submit profits to higher authorities after paying income tax; at the same time, income tax paid by

enterprises with narrow profit margins will not be returned to the paying units.

- Budget readjustment funds levied on state-owned enterprises by key construction foundations, including energy and communications foundations, will be abolished. The increased financial revenue should be earmarked primarily for the repayment of enterprise fixed assets investment loans.
- Loans borrowed by enterprises long ago can be dealt with on a case-by-case basis. We need to study and resolve the issue of "changing allocation of funds into loans" in line with the structural reform of the investment system. Those enterprises which really lack the ability to repay can be allowed to postpone their repayment upon examination and verification by the banks. Meanwhile, banks can check their bad debts through careful examination and verification and then offset them with reserves for bad loans according to relevant stipulations; at the same time, they can also raise the rate of extraction of their bad debt reserves.
- Farming [bao shui 0545 4451] of taxes as well as tax exemptions not stipulated in the state's Taxation Law will be abolished.
- Preferential tax policies granted to foreign-invested enterprises will remain unchanged.

Paper Views Tax Reform Impact on Foreign Firms

HK1103025094 Beijing RENMIN RIBAO in Chinese 7 Mar 94 p 2

[By staff reporter Liu Luyan (0491 7627 3601): "What Does Tax Reform Mean to Foreign Enterprises?"]

[Text] According to a decision adopted by the National People's Congress [NPC] Standing Committee, the provisional regulations on the value-added tax, consumption tax, and business tax will apply to foreign-invested enterprises and foreign enterprises in China as of 1 January this year; meanwhile, the combined industrial and commercial tax is to be rescinded. The introduction of the new tax system applying to foreign enterprises has caused various repercussions at home and abroad. What does this tax reform actually mean to foreign enterprises? This we need to analyze, meticulously and thoroughly.

Since 1979, China has applied different tax systems to foreign enterprises and Chinese enterprises. The reason for this practice was that preferential treatment was offered to foreign business firms purely to stabilize their tax system, given the higher tax rate in China after the reform and opening up and the fact that a tax reform was in progress. In this connection, the combined industrial and commercial tax which was first introduced in 1958 on a trial basis has been applied to foreign enterprises. As for Chinese enterprises, the value-added tax, product tax, and business tax have been applied to them since

1984. As a result, Chinese enterprises and foreign-funded enterprises in China have been bearing different tax burdens for many years past and increasing amounts of tax have been duplicated through different channels. This was unfavorable to export trade for foreign enterprises and had an adverse effect on economic development, therefore, a tax reform became a must.

The new tax system, molded in accordance with international common practice, is to introduce a regulated circulating tax system with value-added tax as the core and the consumption tax and business tax as auxiliaries. This new system has embodied the principle of fairness in terms of the tax burden, and that of competition on an equal footing, and has maintained the continuity, rationality, and stability with regard to the tax system concerning foreign interests.

Specifically speaking, after the tax reform, taxes concerning foreign interests will be divided into 12 categories, namely: Value-added tax, consumption tax, business tax, resource tax, tax on value added to land, stamp duty, slaughter tax, urban landed properties tax, levy on vehicle and ship licenses, enterprise income tax, personal income tax, and contract tax. Of these taxes, only the tax on value added to land is new. The circulating taxes, consisting of the value-added tax, consumption tax, and business tax which can be traced to the field of production and commodity circulation, are a major tax category accounting for a large proportion of tax revenue. A special feature of the value-added tax under the new tax system is to prevent duplicated tax and to make sure that the sum total of tax income from all channels equals the total amount of all taxes levied on commodities. The basic rate of the value-added tax is 17 percent and a unified 13-percent low rate has been set for all the taxes on daily necessities, products for agricultural use, and cultural goods, in contrast to the 14.5 percent rate for the former combined industrial and commercial tax. The main purpose of the consumption tax is to adjust the consumption structure and to guide the public's consumption pattern, with high tax rates applying only to tobacco, alcohol, cosmetics, and jewelry. The business tax rate generally ranges from 3 to 5 percent, except for certain show business items, let alone the fact that the former combined industrial and commercial tax actually contained a part which represented business tax. Findings from a survey conducted among thousands of foreign enterprises in the cities of Beijing, Shanghai, Tianjin, Guangzhou, Dalian, and Wuhan indicate that, after the new tax system was introduced, the tax burden decreased or remained the same in most foreign enterprises, with a small number of foreign enterprises' tax burden increasing slightly and the general level of tax contribution by foreign enterprises throughout the country remained unchanged. Thus, the state's financial revenue is ensured without increasing the burden on enterprises.

Some people have queried whether the tax reform will give rise to a new imbalance since the new regulations only apply to foreign enterprises founded after 1 January

1994, while the old regulations will continue to apply to those which had already been founded on or before 31 December 1993. To be honest, we must say that this is an objective fact. However, we should approach this issue from a comprehensive viewpoint. Any tax reform must have a definite effective date and must not be made indefinitely retroactive. Otherwise such a reform can hardly be carried out. Also, we apply the old regulations to old enterprises just because they were established in light of the results of past feasibility studies and investment return estimations based on the old tax system. If the new tax system was applied indiscriminately to both old and new enterprises, it would unfavorably affect old enterprises. Therefore it is necessary to give some preferential treatment to the latter within a certain grace period.

In order to retain continuity of tax related to foreign interests, the spirit of a unified tax system but no less preferential treatment has been pursued in the tax reform. The regulations governing exports remain unchanged in principle. No circulating tax will be levied on exports by foreign enterprises except for a few products where state regulations provide for it. Goods imported by foreign enterprises within the quota corresponding to the scale of their investment projects will be subject to tax exemption, including machinery, equipment, and component parts which enterprises need for daily operation, as well as raw and processed materials which are needed for manufacturing products to be exported. Goods which are imported with special permission are subject to tax reduction or exemption. No circulating tax is to be levied on goods imported by foreign-funded enterprises operating in special economic zones (SEZ) and on products manufactured and marketed in SEZ's, except for such items as mineral oils, tobacco, and alcohol, on which the circulating tax is levied at a 50-percent discount. The preferential policy regarding the circulating tax remains unchanged for bonded zones. Financial institutions operated with foreign capital, or jointly run with Chinese and foreign capital, set up in SEZ's and the Pudong new zone with approval, will be exempt from circulating tax for five years from their day of inauguration. As for those foreign enterprises which have yet to be established for which approval was already obtained before 31 December 1993, since they will have to pay all the value-added tax, consumption tax, and business tax under the new tax system—which implies that they will have to pay more—the extra tax amount thereby incurred by them will be returned, within a period of not more than 5 years, with the approval of the tax authorities. Therefore, the new tax system will not affect foreign enterprises significantly.

By and large, the current tax reform is an integrated structural reform of overall significance. Domestically speaking, the reform is for the purpose of unifying the tax system, making the tax distribution fairer, improving the investment environment in the country, and suiting the needs of the establishment and development of the

socialist market economy. Internationally speaking, it will enable China to meet the requirements of international common practice. Nowadays, almost none of the countries in the world are simultaneously applying two different tax systems to domestic tax payers and to foreign ones respectively. Article 3 of Chapter 2 of the GATT has specially provided for domestic taxes and equal treatment to citizens and aliens alike under domestic regulations. This article not only demands that the tax burden on foreign-funded enterprises be equal to that on domestic enterprises but also that restrictions on the operation of foreign-funded enterprises be relaxed so that they enjoy rights equal to domestic enterprises. Thus, whether viewed from internal or external concerns, unification of the tax system is necessary for the development of foreign-funded enterprises.

Sino-Foreign Firm's Licenses Revoked Due to 'Fraud'

HK1103024294 Beijing CHINA DAILY in English 11 Mar 94 p 3

[By staff reporter: "Foreign Privateers Lose Trade Licences"]

[Text] Hundreds of Sino-foreign business licences have been revoked in a crackdown on joint-venture fraud, according to local newspapers. Foreign investors have been lying about their capital investments, falsifying their accounts, over-charging for out-of-date fixed assets and changing the nature of their businesses without official permission. Local authorities in Guangzhou and Shenyang have revoked over 100 licenses, said the Shanghai-based XINMIN EVENING NEWS. Beijing and Taiyuan, capital of the northern Shanxi Province, have also cracked down, according to the GUANGMING DAILY and BEIJING DAILY.

Local systems will be established to improve supervision and control of joint-venture financing. And the crackdown will help to protect the legal rights and interest of local Chinese and foreign investors. Many joint ventures exist in name only, according to XINMIN EVENING NEWS. Many investors fail to meet their financial commitments years after being granted business licences, and some leave China without saying goodbye.

The administrative crackdown officially takes these companies off the map, the newspaper added. It is hoped that project approval and management loopholes will now be closed, the Shanghai paper said. Licence applications will have to be backed up by company market research. The lure of the fast buck has led many ventures into trouble, said GUANGMING DAILY.

The administrative move signals the re-establishment of governmental macro-economic control over Sino-foreign ventures, as the country becomes a global investment hot spot, said the State Administration for Industry and Commerce. There are 174,056 joint ventures and their foreign trade accounted for one third of the country's total imports and exports last year.

Statistics Show Afforestation Project Pays Off

OW1103074594 Beijing XINHUA in English 0656
GMT 11 Mar 94

[Text] Yinchuan, March 11 (XINHUA)—The "Three North" (northeast, northwest and north China) afforestation project carried out over the past 15 years has begun to produce great economic benefits for the areas involved.

The "Three North" forest belt extends from the Ozbel mountain pass in China's far northwest to Binxian county in northeast China's Heilongjiang Province, with 13 provinces, municipalities and autonomous regions involved.

Statistics reveal that the "Three-North" areas have been blessed with an annual increase of over three billion kg of grain harvest thanks to the trees that protect farmland in these areas, which used to suffer from serious soil erosion and sandstorms.

The Central Committee of the Chinese Communist Party and the State Council decided in late 1978 to build the giant forest belt in the northern part of China, which is designed to protect 42.4 percent of China's landmass.

According to the plan, beginning from 1978, China is to take 72 years to plant 35.6 million ha of trees and raise the forest cover percentage from 5.05 percent to 14.95 percent in the areas involved.

Over the past 15 years, with 3.232 billion yuan from the central government and related departments, local farmers have put in 1.5 billion work days and have planted about 13 million ha of trees, enclosed six million

ha of hillsides and drifting sand to facilitate afforestation, besides carrying out aerial seeding on 60,000 ha of land and planting 5.5 billion trees.

Moreover, trees have been planted along 11 million ha of farmland in the Three-North areas. The efforts have greatly improved the ecological environment in the localities involved and enabled a steady and high output in rural and pastoral areas.

Because of the building of the forest belt, the output of forage grass has increased by 20 percent in pastoral areas, which are able to feed two million more head of sheep a year.

The afforestation drive has also played a positive role in controlling soil erosion on the loess plateau, according to forestry officials.

Local forestry departments have listed the work of combining afforestation, industry and trade as an important step for deepening reform.

Incomplete statistics show that more than 3,000 industrial "green" projects have been established in the Three-North areas, creating 90.5 million yuan in extra income a year.

Li Jianshu, director of the Three-North Forest Belt Construction Bureau under the Ministry of Forestry, attributes the success to the fostering of a selfless spirit among workers, the adoption of a multi-channel fund-raising system and wide application of practical scientific techniques. At the same time, flexible policies have been adopted to encourage more individuals to plant trees in addition to government and collective efforts.

East Region

XINHUA Reports Anhui's Economic Growth

OW0803103494 Beijing XINHUA in English 1005
GMT 8 Mar 94

[Text] Hefei, March 8 (XINHUA)—Anhui Province, in east China, with a population of 59 million, has become one of the provinces with the fastest economic growth speed.

According to the latest statistics, the province's gross domestic product last year amounted to 94 billion yuan, and the rate of growth was the third highest in the country.

Its gross industrial output value last year was the seventh greatest in the country, and its agricultural output value fifth.

Anhui, whose rate of growth of foreign trade ranks sixth in the country, has caught national attention, a provincial official in charge of economic development said.

The official attributed the good result to the hard efforts of its citizens who have taken an active part in the reforms, in a down-to-earth manner.

Last year saw Anhui's state-owned enterprises spend 17.17 billion yuan on fixed assets, an increase of 42.6 percent over the previous year, and 6.26 billion on technical transformation, also up 42.6 percent.

Infrastructure facilities which were completed last year included a railway running from Hefei, capital of the province, to Anqing, an ancient city on the bank of the Chang Jiang River; a furnace with a capacity of 2,500 cubic meters in the Ma'anshan Iron and Steel Complex; and advanced program control telephone exchanges in every county town in the province.

Construction of a number of key national capital projects is in full swing. Included are a Chang Jiang River highway bridge in Tongling City and the Tongling Cement Plant.

Anhui, which took the lead in China's rural economic reform, has paid attention to developing quality and efficient agriculture, and encouraged the surplus rural labor force to set up more rural industrial enterprises or go to cities to contract for construction and other work.

Anhui's agricultural output value last year totalled 41.7 billion yuan, an increase of 8.5 percent over the previous year, exceeding the average annual increase rate of 2.8 percent in the 1986-90 period. Its gross output value generated by rural industrial enterprises last year also set a record.

By carrying out the enterprise reform, a number of key state enterprises have rejuvenated themselves.

At present, 15 prefectural centers and cities have opened securities markets, paving the way for enterprises to collect funds for modernization.

In addition, Anhui is building an economic belt from Wuhu City on the banks of the Chang Jiang River to Hefei and Huangshan, one of China's tourist attractions, while improving transport facilities to link the province to other parts of the country as well as the outside world.

The improved investment conditions have helped the province to boost its foreign trade and attract more foreign investment.

Anhui's import and export volume topped 1.2 billion U.S. dollars last year, an increase of 15 percent over the previous year.

Included were exports totalling 960 million U.S. dollars, up 16 percent.

The official said: "With abundant natural resources and convenient transport facilities, Anhui has become a favored place for overseas investment."

Business people from Taiwan and Japan and elsewhere are streaming into the province, which has concluded dozens of contracts on the technical transformation of old enterprises and improvement of urban infrastructure facilities.

A survey shows that the provincial government approved the establishment of 1,040 overseas-funded enterprises last year.

Jiangsu Industrial Park Built With Foreign Funds

OW0703014394 Beijing XINHUA in English 0113
GMT 7 Mar 94

[Text] Suzhou, March 7 (XINHUA)—Singapore financial groups have streamed into Suzhou, Jiangsu Province, to invest since China and Singapore joined hands to build an industrial park there in May last year.

Suzhou, an ancient garden city, has developed into an economically-booming city in east China.

At present, Singapore companies have concluded letters of intent and agreements on more than 50 contracts on cooperative projects with the Suzhou city government.

With a sum of three billion U.S. dollars, these projects involve the fields of tourism, energy development, transportation, electronics, machinery, textiles, chemicals and the service trade.

A local official noted that banking and economic entities from the United States, Japan, France, Germany, Britain and Austria and Taiwan have contacted the Singaporean government to express their wishes to participate in the development of the industrial park.

Shandong To Improve Investment Conditions

OW0803091994 Beijing XINHUA in English 0636
GMT 8 Mar 94

[Text] Jinan, March 8 (XINHUA)—Shandong, an economically advanced coastal province in east China, is boosting its export-oriented economy in an all-round way.

"Opening further to the outside world may help us raise the quality of our economy as a whole, and is the key to speeding up our modernization process," Zhao Zhihao, governor of the province, said.

"Shandong will further improve its investment conditions and strive to hook up with the international economy," he states.

The governor acknowledged that although Shandong has made rapid progress in the development of its export-oriented economy over the past few years it still lags behind some other coastal provinces.

The province exported 5.9 billion U.S. dollars worth of goods last year, only one fourth of that for Guangdong, an economically-booming province bordering on Hong Kong, and about the same as Jiangsu and Fujian Provinces.

"The latter might surpass us this year if we remain at the same pace of economic development," the governor said.

The provincial government pledged to accelerate the development of markets, raise economic efficiency, adjust the industrial structure, and improve transport and telecommunications facilities.

According to Song Fatang, deputy governor of the province, Shandong will carry out a package of reforms involving the shift of mechanism in large and medium-sized enterprises, banking, circulation, share-holding system and macro-control of the economy.

It will encourage more enterprises to follow the international patterns in production and sell their products on the international market, while helping them to import advanced managerial expertise, technology and equipment, invite talented people to work in the province and absorb foreign capital.

In addition, Shandong plans to employ the joint-stock system in its construction of capital projects to attract foreign investment.

It will soak up more overseas capital for its capital projects by way of issuing bonds and stocks or borrowing.

While concentrating on the development of agriculture and industry, Shandong will pay attention to the service trades.

It will streamline its export product mix, with the focus on the export of finished industrial products—machinery and electrical appliances in the main.

Meanwhile, the province is exerting more efforts for the development of such key industries as motor vehicles, iron and steel, machinery, electronics and chemicals, and trying to form enterprise groups, corporations and transnational companies.

Song called on transportation departments to construct more local railways, highways and ports to pave the way for rapid economic development.

He encouraged the departments to use more foreign investment in the construction of infrastructure facilities by issuing stocks and taking out loans.

Shanghai Mayor Speaks on Agriculture, Urbanization

OW0803043794 Beijing XINHUA Domestic Service in Chinese 2133 GMT 18 Feb 94

[By reporter Li Rong (2621 2837)]

[Text] Shanghai, 19 Feb (XINHUA)—Shanghai Mayor Huang Ju emphasized: As the suburbs of a large metropolis, Shanghai's rural areas have three major tasks of development—namely, stepping up the building of the "green vegetable project," accelerating their urbanization, and speeding up the reforms of their various structures and systems.

He made these remarks at a recent rural Shanghai work meeting.

Huang Ju said that in Shanghai's urban agricultural development, it is particularly important to pay attention to the "vegetable basket project" with emphasis being placed on growing green vegetables. According to him, the new project has the following major contents: While ensuring 150,000 mu of year-round vegetable crops, an additional investment of 250 million yuan shall be made to increase the area of greenhouse cultivation to 25,000 mu in three years and to bring the area of landscaping garden cultivation [as received] up to 15 to 20 percent of the total area of vegetable crops. The planned year-round vegetable and nonstaple food bases shall remain unchanged for 10 to 15 years. Huang Ju emphasized the need to seek new operational mechanisms for vegetable and nonstaple food production and marketing. He said that with the new mechanisms, the state-run food market should play the major role of stabilizing market prices while organizing and encouraging peasants to participate in commodity circulation.

More and more importance is being attached to the urbanization of Shanghai's rural areas. Huang Ju told the meeting that Shanghai's suburban areas will be turned into "second-class cities" step by step over the next two or three years. He said: This concept means that the urbanization of Shanghai's rural areas will be greatly

accelerated. An important precondition for the urbanization is to do a good, high-standard job of regional planning. The "second-class cities" should be accompanied by a number of urban centers, each with a population of 200,000 or so. In terms of planning, the urban centers should meet the standards of modern cities, and their building plans should include industrial-district construction, infrastructure construction, and the development of tertiary industry.

In conclusion, Huang Ju said that Shanghai's suburban areas should make efforts to further deepen reforms and strive to make new breakthroughs this year. He pointed out several tasks: to actively carry out experiments on modern enterprises, to strive to establish 1,000 new cooperative shareholding companies this year, and to have 100 townships and towns complete inventories of their collective assets; to actively explore a new production and marketing system and to build a number of high-standard district markets for agricultural products; and to carry out an experimental reform of the agricultural land-use system and to separate ownership from the right to sign contracts and the right to manage.

Number of Students Leaving Shanghai Declines

HK0703051194 Hong Kong ZHONGGUO TONGXUN SHE in English 0808 GMT 5 Mar 94

[Text] Shanghai, March 5 (CNS)—A wave of going abroad which resulted from rapid economic development and lasted for several years in Shanghai is now in decline while at the same time a trend of returning home from studying abroad is on the rise. Statistics show that the number of returnees received by the municipality increased by 19 percent in 1993 when compared with 1992. Students studying abroad at their expense registered a drop of 40 percent in 1993 over the year before.

Young people in Shanghai have been level-headed in handling the matter of going abroad in recent years, according to a service centre for returnees from studying abroad. The number of people going overseas for further study or for professional study was not in decline but those who went abroad to work and to learn a foreign language registered a sharp drop in numbers. People who went overseas to use their talents and students who finished their professional studies abroad have returned home with their eyes on Shanghai and its development and the Pudong New Zone.

Following the implementation last year of a preferential policy on student returnees from overseas, Shanghai has received a growing number of them. A total of 95 people returning from studying abroad have to date been given preferential treatment by the service centre there to open enterprises. During the short period of six months, nearly 40 returnees were given a license to begin operating a business and already a number of high technology companies have made a contribution to the building up of the municipality.

Shanghai Urges Foreign Investment in Housing Projects

OW0803092794 Beijing XINHUA in English 0640 GMT 8 Mar 94

[Text] Shanghai, March 8 (XINHUA)—The Municipal Government of Shanghai, China's largest economic center, is encouraging foreign business people to participate in transforming its old urban districts.

"Anyone who makes an investment in this field will gain the land-use right in accordance with the measures concerning the leasing of state land-use rights, and enjoy preferential treatment," said a municipal official.

Shanghai has 35 million sq m [square meters] of dilapidated housing and other old buildings where 1.46 million households, about 60 percent of the total households in the city, take shelter.

These edifices, which generally lack kitchen and toilet facilities, account for one third of the total residential areas in the metropolis.

"To enable all its residents to have a living space averaging 10 sq m per capita by the end of this century, the municipal government plans to raise funds through various channels to speed up the transformation of the old urban districts," the official said.

He noted that foreign business people are welcomed to join in the transformation in forms of joint ventures, co-operation or with sole foreign investment.

Shanghai Increases Cellular Phone Capacity

OW0803110394 Beijing XINHUA Domestic Service in Chinese 2101 GMT 18 Feb 94

[Correspondent Chen Jianguo (7115 1696 0948) and reporter Feng Yizhen (7458 0076 3791)]

[Text] Shanghai, 19 Feb (XINHUA)—Shanghai's cellular communications has entered a new period of accelerated development. Last year, Shanghai increased its exchange capacity for cellular telephone communications by 40,000. Shanghai's investment in cellular communications this year will double that of last year's and the exchange capacity will increase three times.

Shanghai opened China's first public cellular telephone network in July 1982. It was only in 1992 that the subscribers to the cellular phone system surpassed 10,000. Last year, the A and B exchange capacity reached 60,000 and the number of subscribers increased to 30,000, thanks to four months of stepped-up efforts made by the staff members and workers at the Shanghai Municipal Long-Distance Telecommunications Bureau.

At present, the number of subscribers to the two Shanghai cellular networks totals 44,890. Starting this year, Shanghai will provide additional cellular phone services, including the offering of telephone rambling service [dian hua man you ye wu 7192 6114 3355 3266

2814 0523] in cooperation with neighboring Jiangsu and Zhejiang, as well as transfer call service, and busy transfer call services.

Zhejiang Farmers Begin To Favor Retirement Insurance

OW0803065594 Beijing XINHUA in English 0616
GMT 8 Mar 94

[Text] Hangzhou, March 8 (XINHUA)—Millions of farmers in east China's Zhejiang Province, one of the richest regions in the country, no longer regard their offsprings as their only support in their old age.

They have turned to insurance.

By the end of 1993 retirement insurance schemes had spread throughout the province, with over 1.85 million people paying premiums totalling 900 million yuan.

So far, nearly 75,000 rural residents are drawing old-age pensions worth 30 yuan to 250 yuan a month.

The insurance categories have been greatly expanded since the provincial insurance company started to offer services for the elderly in 1985.

Now people can take out insurance policies for injury, crop failure and illness.

Zhejiang farmers' income is on the top list in the country's rural areas. Their annual income averaged 1,746 yuan at the end of last year.

Central-South Region

Guangdong Private Enterprise Groups Develop

HK1003063594 Beijing ZHONGGUO XINWEN SHE
in English 1230 GMT 9 Mar 94

[Text] Guangzhou, March 9 (CNS)—Guangdong saw 45 privately-run enterprise groups setting up in the past two years with increasing economic strength, influencing the economy in the province.

According to the latest statistics, by the end of last year, there were 45,000 private-run enterprises in the province with employment for 640,000 people and registered capital of RMB [renminbi] 18.29 billion, respective increases of 39 percent, 35 percent and 174 percent over the year before. Their output value last year was RMB 7.399 billion and business value of RMB 8.674 billion, RMB 3.9 billion of which was retail sales value, 75 percent, 161 percent and 68 percent up. Last year also saw tax of RMB 3.5 billion levied from this sector, over 40 percent up, ranking the province first in terms of the amount of tax of this kind.

The 45 groups have the following three characteristics.

They are mainly concentrated in the Pearl River Delta area with Huizhou City having 32, ranking it first among them.

They have strong economic strength with their registered capital all exceeding RMB 10 million, 17 of them each having such capital of RMB 20 million and several exceeding RMB 100 million.

Most of these groups have close business ties among themselves and more than three economic entities, at least, are with legal person status.

According to a provincial official in charge of these affairs, the province now has 3,300 private-run enterprises each with registered capital of RMB 1 million.

Guangdong Increases Spending on Highways

OW1003035594 Beijing XINHUA in English 0328
GMT 10 Mar 94

[Text] Guangzhou, March 10 (XINHUA)—Guangdong, an economically booming coastal province in south China, appropriated more than 11.6 billion yuan last year to improve its highway and port facilities.

During the year, 150 km of express highways were built and more than 1,690 km of ordinary highways upgraded.

Individual counties and townships, using their own initiative to pool money, built 3,346 km of roads within their own territories and asphalted 2,650 km of concrete roads.

By the end of last year the total length of highways in Guangdong had reached 67,490 km, an increase of 11,600 km over 1992. As a result, the province has 37.8 km of highways per sq km, ranking among the top in the country in this regard.

In addition, last year the province built 22 new bus stations and 49 new berths which are able to handle 7.47 million more tons of goods each year.

This year the province plans to pour 12 billion yuan (about 1.38 billion U.S. dollars) into further upgrading its key highway and shipping facilities.

Guangdong Farmers Make Fortune From Hot Springs

OW0903103594 Beijing XINHUA in English 0859
GMT 9 Mar 94

[Text] Guangzhou, March 9 (XINHUA)—Farmers in a mountain village in south China's Guangdong Province are making a fortune by raising soft-shelled turtles in a local hot spring.

This method can generate a profit rate of 100-200 percent, about 10 times higher than by traditional turtle breeding.

Farmer Wang Zhunduo, 29, said that the 50,000 young soft-shelled turtles he is raising can be sold for no less than three million yuan (about 345,000 U.S. dollars) by the end of this year, when they are fully grown.

Local official Zhong Juntian said a farmer raised soft-shelled turtles on more than 20 mu (about 1.4 ha [hectare]) of land and incubated another 100,000 soft-shelled turtle eggs last year, earning more than two million yuan (about 230,000 U.S. dollars).

The rearing of soft-shelled turtles first started in 1992 in the village, which boasts abundant geothermal energy resources. The spring water there, of the HAK-HCO [expansion not given] type, is 78 to 91 degrees Centigrade and is rich in trace elements.

Experts said the new method of raising soft-shelled turtles in spring water has greatly shortened their growth period. Such turtles can grow up to 800 g [grams] within a year, compared to 500 g over three to four years in the past.

They said the new method has also reduced the death rate of young soft-shelled turtles during the winter hibernation season from around 80 percent to one percent.

The stable temperature of the spring water keeps soft-shelled turtles actively growing all the year round, the experts said, adding that spring water also ensures high egg-laying and incubation rates.

In addition to a total of 120 mu of open spring water area, the village has artificially developed another 150 mu and constructed a spring water farm. And the open area is expected to expand to 300 mu by the end of this year.

Counting at the current price level, every ha devoted to the raising of soft-shelled turtles can generate three million to 4.5 million yuan (about 345,000 to 457,000 U.S. dollars) in output value, with a net profit of more than 1.5 million yuan.

Local farmers are planning to build enclosed farms for raising soft-shelled turtles. These farms will be lit up at night in order to speed up the growth period.

Zijin County, to which the village belongs, has decided to spread soft-shelled turtle fries to all its territory after they have spent the winter season in spring water.

Foreign Funds 'Pour' Into Shenzhen

OW0903014594 Beijing XINHUA in English 0127
GMT 9 Mar 94

[Text] Shenzhen, March 9 (XINHUA)—Foreign funds continue to pour into Shenzhen, one of the earliest special economic zones in south China's Guangdong Province, official reports say.

In 1993, more than 1.4 billion U.S. dollars worth of foreign funds were actually put to use in Shenzhen, doubling the figure for the previous year. Foreign-funded enterprises reported an export volume of more than 5.6 billion U.S. dollars, an increase of 25 percent and accounting for more than 70 percent of the city's total.

Over the past 14 years, the city has utilized nearly six billion U.S. dollars worth of foreign funds.

In recent years, foreign investors have been encouraged to invest in the city's energy, transportation, and high-and new-tech industries.

The foreign-funded enterprises in the city are in good performance and a sample survey showed that some 80 percent of them are profitable.

A total of 370 foreign-funded enterprises increased their registered capital and extended terms of operation last year, according to a city office in charge of foreign investment.

Guangxi Economy Continues Rapid Growth in Jan

HK0903051194 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 28 Feb 94

[Text] Guangxi's national economy continued its rapid growth in January 1994, following the rapid growth last year. This is demonstrated by the following: First, the area for farming grain, edible oil, and sugar cane is stable, with some expansion. Statistics show that the region's grain-growing areas will increase by 1.7 percent over last year, the area planted with edible oil crops is expected to increase by 10 percent, and the area planted with sugar cane will basically be maintained at last year's level or with a slight increase.

Second, there is a strong momentum in the growth of enterprises in townships and towns. In January, the operational turnover of enterprises in townships and towns was 6.08 billion yuan, up 1.5 times over the same period last year, and the sum of taxes collected was 142 million yuan, up 1.1 times over the same period last year.

Third, industry was thriving in both output and marketing. In January, industry at and above the township level had an output value of 6.05 billion yuan, up 33.5 percent over the same period last year, with an increase ranking eighth across China. The marketing output was 5.03 billion yuan, up 62.1 percent over the same period last year, with an increase ranking third across China. In January, Guangxi's industrial production took on a marked characteristic of heavy industry growing faster than light industry, and non-state-owned enterprises growing faster than state-owned.

Fourth, retail business was thriving. Fifth, the developing trend of foreign economic relations and trade continued to look optimistic.

Bank of China Prevents Fraud in Henan

HK1003070194 Beijing RENMIN RIBAO in Chinese
21 Feb 94 p 4

[By Duan Jianzhou (3008 1696 3166), Wu Qianhai (0702 0356 3189): "Henan Provincial Branch of Bank of

China Strengthens Management of Funds Involving Foreign-Funded Enterprises, Five Cases of Financial Fraud Detected and Blocked^[1]

[Text] Bank of China Henan Branch handles business strictly according to laws, regulations, and customary international practices, and it is strengthening the management of funds involving foreign-funded enterprises. In 1993, it effectively blocked five cases of financial fraud involving foreign-funded enterprises and prevented losses of \$45 million to the state.

While conducting international financial business, Bank of China Henan Branch discovered that in recent years cases of financial fraud involving foreign-funded firms had developed from the past pattern of using lost, stolen, and altered foreign banknotes, travelers' checks, and credit cards to the current pattern of forging payment vouchers or credit documents involving large amounts of money, that the amounts of money involved in fraud became larger, and that the objects of fraud had changed from a small number of foreign-related shops and individuals to state enterprises and units, government organs, and even specialized banks. These illegal activities have seriously disrupted the financial order and economic environment.

Last June, a person named Song, who was chairman of the board of directors of a certain company in Hong Kong, met some personnel who worked in certain units in Zhengzhou and was introduced to others by a woman who said she worked in Shenzhen. He said he had gathered world-renowned consortiums and banks to invest in Henan. They suggested that the provincial branch of the Bank of China should issue a long-term letter of credit, which should be valid for 180 days and amount to \$20 million. They said that for each dollar of the letter of credit, they would be willing to pledge 9.6 yuan as security, and that they would use a certificate of ownership of real estate in Zhengzhou as a mortgage for the uncovered portion. Bank of China Henan Branch carried out an investigation and discovered that this Hong Kong company had pledged a mortgage of 148 million yuan at the Henan Province branch of the People's Construction Bank of China, in return for two letters of credit amounting to \$15 million. Because the mortgage money was not specified as a mortgage when it was handed over to the Henan Provincial Branch of the People's Construction Bank of China, the Hong Kong company wanted to use the loophole and withdraw the mortgage money, which it wanted to use as a mortgage at the Bank of China Henan Branch. These people carried out frequent activities in the relevant provincial government departments, and some influential provincial government officials even went to the provincial branch of the Bank of China to lobby for them. Bank of China Henan Branch thought that in light of such a situation, it should do business strictly according to regulations all the more. Bank of China Henan Branch proposed four ideas

according to customary practice in the international community. One of these was for a foreign trade enterprise recognized by the Bank of China to serve as a guarantor, or for the company to deposit an amount of foreign exchange equalling the amount of the letter of credit as security, but these four ideas were rejected by the company. Eventually, it was verified that it was a case of fraud involving the use of long-term checks to cash money for use as investment funds. Bank of China Henan Branch promptly notified other branches and its headquarters, so blocking this serious case of foreign-related financial fraud.

The other four cases of foreign-related financial fraud detected and blocked by Bank of China Henan Branch all involved cashing money for use as investment funds. Last April, a Hong Kong businessman said that he wanted to pool funds with the Zhengzhou Zhongyuan Steel Rolling Mill with a long-term credit of \$5 million, which he said was available to the mill if it would pay several tens of thousands of yuan in handling costs and which he said could be cashed at any bank for several tens of millions of yuan. Bank of China Henan Branch inquired about the case through the Luxembourg branch of Bank of China, as well as the Los Angeles Branch of Daiwa Bank, only to discover that it was a plan by the Hong Kong businessman to practice fraud with a counterfeit bill of exchange. Before this, Bank of China Henan branch also helped Luoyang's China Savings Company, the Sanmen Gorge branch of the Bank of China, and Zhengzhou Diantong Company to detect false drafts used by foreigners for fraud, which amounted to \$25 million in these four cases.

Breeding New Source of Income for Hunan Farmers

OW0903102894 Beijing XINHUA in English 0903
GMT 9 Mar 94

[Text] Changsha, March 9 (XINHUA)—In central China's Hunan Province, farmers now earn most of their extra cash from breeding livestock and fish.

According to local officials, exports of livestock made up a half of the province's total exports of farm products last year, and local farmers earned 60 percent of the added income of the whole year from the breeding industry.

In 1978 the output value of the province's breeding industry only accounted for 15 percent of its total agricultural output. But last year the output value of the sector climbed to 29.614 billion yuan, accounting for 36.6 percent of the province's total agricultural output value.

The officials attributed the rapid development of the breeding industry to the country's reform, the wide application of agro-technology, enhanced circulation and local geographical advantages.

To promote an overall development of rural industry, the province this year plans to continue to treat the breeding industry as an important measure for developing high-efficiency agriculture and increasing the income of farmers, with the purpose of making local farmers become prosperous quickly.

Besides setting concrete targets for the number of pigs slaughtered, the total output of meat and the output of aquatic products, the province also aims to earn 24 billion yuan from the breeding industry in 1994, making it account for about 40 percent of the province's total agricultural output value.

Committee Passes Law on Protecting Taiwan Investments

OW0503171594 Beijing XINHUA Domestic Service in Chinese 1139 GMT 5 Mar 94

["Law on the Protection of Investments of Taiwan Compatriots in the PRC"]

[Text] Beijing, 5 Mar (XINHUA)—Law on the Protection of Investments of Taiwan Compatriots in the PRC

(Passed by the sixth meeting of the Eighth National People's Congress Standing Committee on 5 March 1994):

Article 1. This law is formulated to protect and encourage investments of Taiwan compatriots and promote economic development on both sides of the strait.

Article 2. This law applies to the investments of Taiwan compatriots; in circumstances where the law does not provide a stipulation, they shall be enforced according to other relevant state laws and administrative rules governing the investments of Taiwan compatriots.

The investments of Taiwan compatriots referred to in this law are investments by companies, enterprises, and other economic organizations, or individuals as investors from the Taiwan region in other provinces, autonomous regions, and municipalities.

Article 3. By law, the state protects the investments, investment returns, and other lawful rights and interests of Taiwan compatriot-investors.

Taiwan compatriot-investors must observe state laws and statutes.

Article 4. The state shall not nationalize or requisition the investments of Taiwan compatriots; under special circumstances and for the need of the public good, the state can requisition the investments of Taiwan compatriots through legal procedures, with the investors being reimbursed accordingly.

Article 5. The assets, industrial property rights, investment returns, and other legitimate rights and interests of Taiwan compatriot-investors can be transferred or inherited pursuant to the law.

Article 6. The Taiwan compatriot-investors can use convertible currency, machinery and equipment or other material goods, industrial property rights, and nonpatented technology as investments.

Taiwan compatriot-investors can use their investment returns to make new investments.

Article 7. Investments of Taiwan compatriots can be made through setting up equity joint ventures, cooperative ventures, or enterprises solely funded by Taiwan compatriots (hereafter referred to as enterprises funded by Taiwan compatriots); or in other forms prescribed by the laws and administrative rules.

The establishment of enterprises funded by Taiwan compatriots must be in line with the state industrial policy and be conducive to the development of the national economy.

Article 8. Application for the establishment of enterprises funded by Taiwan compatriots must be submitted to the departments or local governments authorized by the State Council. The examining and approving authority must decide whether to grant approval within 45 days after all application papers are received.

After approval is granted for the establishment of enterprises funded by Taiwan compatriots, applicants should register with the enterprise registration office and obtain a business license within 30 days after receipt of the certificate of approval.

Article 9. Enterprises funded by Taiwan compatriots shall conduct business activities according to the laws, administrative rules, and contracts and articles of association approved by the examining and approving authority; and their autonomy in management and operation shall be free from interference.

Article 10. Where enterprises funded by Taiwan compatriots are clustered, they may set up an association of enterprises funded by Taiwan compatriots according to the law, and the association's lawful rights and interests shall be protected by law.

Article 11. The investment returns, other legitimate income, and surplus upon liquidation by Taiwan compatriot-investors may be remitted back to Taiwan or outside the territory according to the law.

Article 12. Taiwan compatriot-investors may commission friends or relatives as their agents of investments.

Article 13. Enterprises funded by Taiwan compatriots are entitled to the preferential treatments prescribed in the State Council's regulations concerning the investments of Taiwan compatriots.

Article 14. Investment-related disputes between Taiwan compatriot-investors and companies, enterprises, and other economic organizations or individuals in other provinces, autonomous regions, and municipalities can be settled through consultation or mediation.

If a party involved refuses consultation and mediation, or cannot settle the dispute through consultation and mediation, the case can be submitted to the arbitration organ according to the arbitration clause contained in the contract or a written arbitration agreement reached afterwards.

If the parties involved did not include an arbitration clause in the contract and did not reach a written arbitration agreement afterwards, a lawsuit can be filed with the people's court.

Article 15. This law enters into force upon promulgation.

XINHUA Reports on Taiwan Economic Revitalization Plans

OW0903035394 Beijing XINHUA Domestic Service in Chinese 0316 GMT 20 Feb 94

[By reporter Duanmu Laidi (4551 2606 0171 1229)]

[Text] Beijing, 20 Feb (XINHUA)—Guided by the "supply-oriented" policy which the Taiwan authorities came up with early this year for Taiwan's economic development, relevant departments in Taiwan have drawn up the "Plan for New Scientific and Technological Development Zones in the Taiwan Region," the "Medium and Long-Range Industrial Zone Development Plan," and the "Water Resources Development Plan" in an effort to revitalize Taiwan's economy which has become potentially more worrisome each year.

After six months of research, Taiwan's "Council for Economic Planning and Development," maintaining that the high output yielded by scientific and technological industries can create more jobs, increase incomes, and create more business opportunities, has come up with these plans: 1) Expanding the Xinzhu [Hsinchu] Scientific and Industrial Park in northern Taiwan to cover parts of Xinzhu and Miaoli Counties; and building a new, 300-hectare scientific and industrial park in Guiren [Kuijen] township in Tainan, southern Taiwan, and making it a high-tech zone for the development of biotechnology, precision instruments, and aviation and space industries. 2. Establishing one software industrial zone each in Taipei [Taipei], Taichung [Taichung], and Gaoxiong [Kaohsiung]. 3. Establishing one scientific and technological industrial zone each in northern Xinzhu in northern Taiwan, in Yunlin County in central Taiwan, and in Annan district in southern Taiwan.

On this basis, Taiwan's "Economic Affairs Ministry Industrial Bureau" has come up with the "Medium- and Long-Range Plan for the Development of Industrial Zones in the Taiwan Region." Included in the plan is the establishment of additional software industrial zones, a center in Gaoxiong for disposing of industrial wastes in southern Taiwan, and a center in the Zhanghua [Changhua] Industrial Zone for disposing of industrial wastes in central Taiwan in order to reduce pollution caused by industrial wastes. According to the "Industrial Bureau," the plan is meant for bringing about an even development in Taiwan, and correcting the shortcomings of uneven economic development caused by the establishment of the majority of scientific-technological industrial zones in the north.

Of the 140 industrial zones with a total area of 30,761 hectares designated to be developed, the development of 78 with a total area of 13,108 hectares, has been completed; and nine industrial zones with a total area of 5,687 hectares are being developed. Since land acquisition has become increasing difficult in Taiwan, relevant authorities in Taiwan are encouraging land owners and

private enterprises to take part in the development of industrial zones so the construction process can be expedited.

Moreover, in view of the fact that Taiwan's water resources are deteriorating and water shortages have become increasingly serious, the "Council of Economic Planning and Development" has completed its "Plan for the Development of Water Resources," deciding that, during the next 20 years, 381.4 billion Taiwan dollars will be raised for the construction of 18 dams with an estimated effective capacity of 187,000 tonnes [figure as received], which is precisely the total capacity of the existing 40 dams in Taiwan. These dams will be developed by stages to provide the water needed for daily and industrial consumption. On the average, these dams will be able to increase water supply by 3.28 billion tonnes of water annually.

Meanwhile, Taiwan is continuing with its six-year "national construction plan," focusing on 12 construction projects, including the renovation and construction of secondary and primary school facilities, the construction of parks and sports facilities, the construction of local and community cultural software and hardware facilities, the development of new urban areas and "national housing" projects, the construction of new roads and parking lots in residential areas, the construction of business districts, the construction of north-south expressways, a mass transit system in the Gaoxiong Metropolitan district (traffic improvement project), the construction of subways in Taichung and Tainan cities, and the construction of garbage incinerators and landfill yards.

Sino-American Psychology Research Center To Be Set Up

OW0903140894 Beijing XINHUA in English 1327 GMT 9 Mar 94

[Text] Beijing, March 9 (XINHUA)—The Psychology Institute of the Chinese Academy of Sciences (CAS) and the Michigan University of the U.S.A., are to set up a psychology co-research center in Beijing.

Preparations have started, according to Vice-President of the CAS Psychology Institute Zhang Kan today.

He said that the new project will help psychologists from the two countries to carry out psychology research from different cultural contexts, and study psychological problems of common interest.

The official said that 14 cooperation projects have been listed, and others are being negotiated.

With China's reform and opening up, Chinese psychologists have done a lot to promote cooperation with their American counterparts.

In 1993, the CAS Psychology Institute sent 15 scientists abroad for international cooperation and received 21 prominent overseas colleagues.

Chinese Mainland psychologists visited Taiwan in September last year for the first time since 1949.

The Department of Psychology of the University of Michigan is one of the largest in the U.S.

Commentary Views Taiwan-Mainland Sci-Tech Cooperation

OW0903032594 Beijing Central People's Radio in Mandarin to Taiwan 2200 GMT 20 Feb 94

[News commentary by station editor Yu Xin: "The Two Sides of the Taiwan Strait Accelerate Scientific-Technological Exchanges and Cooperation"—from the "News and Current Events" program]

[Text] Recently, President of the Chinese Academy of Sciences [CAS] Zhou Guangzhao went to Taiwan to attend a 1994 meeting between the two sides of the Strait on material, and iron and steel manufacturing science and technology. Both sides further realized that each side had its respective advantages with regard to resources and technology, and that if they could strengthen cooperation it would be beneficial to promoting their development.

In recent years, exchanges between the two sides of the Strait have been very active. In 1992, seven mainland scientists, including Tan Jiazhen, made their first visit to Taiwan, opening the door for two-way exchanges between scientists of the two sides, and receiving much attention from people of social and scientific circles in Taiwan. The recent visit to Taiwan by 24 scholars and experts, led by President Zhou Guangzhao, to attend the industrial science and technology meeting resulted in substantial exchanges. Addressing the meeting, Wu Dayou [Wu Ta-you], the outgoing president of Academia Sinica, said: The two days of discussions between more than 20 experts from the mainland and Taiwan's experts on topics from specific fields marked a well-planned, profound, and meaningful exchange.

Taiwan's first comprehensive research institute was officially inaugurated on 1 February. Its president Liu Taiying [Liu Tai-ying] said his institute's goal is to strengthen scientific, technological, and cultural exchanges among people of Chinese origin all over the world, and between the two sides of the Strait, adding that in March the institute will sponsor a 1994 seminar on industrial science and technology cooperation between the two sides of the Strait. Liu Tai-ying said: The mainland will send at least 70 scientific and technological experts to Taiwan. The institute hopes to reach an agreement with the mainland on enhancing exchange of industrial scientists and technicians between the two sides. This goal will be included in the institute's working plans.

To gain a further understanding of the sea areas in the South China Sea and to use the knowledge thus gained as a foundation for carrying out regional exploitation and research in the South China Sea in the future, in April this year Taiwan will dispatch 10 oceanographic scientists to join mainland scientists on the CAS's oceanographic experimental ship to begin a month-long survey of the South China Sea. This will be the first time for oceanographic scientists of the two sides to participate in a joint survey of the South China Sea. Joint cooperation by the two sides in surveying the South China Sea is of great significance.

A rapid economic growth rate definitely depends on science and technology. The planned exchange between scientists and technicians of the two sides to exploit each other's strong points, thus forming a mechanism to supplement each other's shortcomings, will be a great stimulus to the economic development of the two sides. Sun Yunxuan [Sun Yun-suan], senior advisor to Taiwan's Presidential Office, and honorary president of Taiwan's Straits Exchange Foundation [SEF], noted: Because the mainland has attached importance to research in basic sciences from the start, it is ahead of Taiwan in heavy industries such as electrical engineering, machinery, and materials. On the other hand, Taiwan has attached importance to increasing national income. Because the domestic market is small, it has attached importance to international market competition for its industrial products by developing consumer industries, light industries, and other industries related to daily life and information. The focus of development of the two sides is different. Each has its strong points. There are great prospects for mutual aid and mutual interest in the future.

Exchanges between the two sides have expanded to the field of science and technology. So an academic meeting is no longer called an economic and trade seminar because it is a seminar directly involving the materials, iron and steel, insurance, and navigation industries. Scientific and technological circles of the two sides have agreed that it is necessary to accelerate scientific and technological exchanges to invigorate the national economy. The time is ripe for the scientific and technological circles of the two sides to increase the exchange of visits. Zhou Guangzhao's visit to Taiwan demonstrates that the Taiwan side is gradually easing restrictions on visits by officials from the mainland. However, obstacles to personnel exchanges still remain. Many mainland scholars were absent at the cross-Strait scientific and technological meeting held in Taiwan. It was regrettable that when Wang Fosong, vice president of CAS, applied to go to Taiwan, his application was rejected by the Taiwan side on the grounds that he is a member of the Standing Committee of the National People's Congress.

SEF Spokesman Says Taipei, Beijing May Postpone Talks*OW1103073194 Taipei CNA in English 0659 GMT 11 Mar 94*

[By Lilian Wu]

[Text] Taipei, March 11 (CNA)—a scheduled meeting between the Straits Exchange Foundation (SEF) and its Beijing counterpart Association for Relations Across the Taiwan Strait (ARATS) may be postponed, a SEF spokesman said Friday [11 March].

The meeting, originally scheduled for March 21, may be postponed because of scheduling conflicts with the plenary session of the National People's Congress and Chinese People's Political Consultative Conference (CPPCC) in Beijing, the spokesman said.

The meetings would interfere with the schedules of ARATS personnel, including ARATS Standing Vice Chairman Tang Shubei who is a member of the CPPCC.

A final decision on when the talks will be held will be made at a later date, the spokesman noted.

Meanwhile, SEF Vice Chairman and Secretary-General Chao Jen-ho said Thursday that both sides may sign agreements on repatriation of hijackers, illegal immigrants and fishery disputes in the next round of cross-Taiwan Strait talks.

Chao said that during the previous three rounds of talks, SEF and ARATS have worked toward agreement on the issues and may reach agreement during the coming round of talks.

Chao also said that if the negotiation teams have time, they will also discuss cross-strait anti-crime cooperation, judicial assistance, protection of intellectual property rights and the rights of Taiwan businessmen on the mainland.

In related news, SEF Chairman Koo Chen-fu, said Thursday that if the proposed talks go smoothly, a second meeting between Koo and his mainland counterpart Wang Daohan could probably come at the end of June or early July.

Koo and Wang met in Singapore in April, 1993, marking the first high-ranking contact between the two sides of the Taiwan Strait after more than four decades.

Koo said it is beneficial for both sides to increase contacts and he said that protection of rights of Taiwan businessmen would be the focus of his meeting with Wang.

Koo added that he would also like to discuss cross-strait technology exchanges with Wang.

Taipei To Lift Agricultural Import Ban To Ease GATT Entry*OW1103081094 Taipei CNA in English 0721 GMT 11 Mar 94*

[By Lilian Wu]

[Text] Taipei, March 11 (CNA)—Taiwan will lift import restrictions on 16 agricultural products from certain nations and regions within the next six years, Chairman Sun Ming-hsien of the Council of Agriculture (COA) said Thursday [10 March].

Sun made the statement while briefing reporters on the March 21-25 General Agreement on Tariffs and Trade (GATT) talks between Taiwan and South Africa, New Zealand, Australia, Hungary, Chile and South Korea in Geneva.

Sun noted that the countries had long expressed their concern about Taiwan's prohibitions on agricultural imports from their countries.

As a result, the COA has agreed to remove the prohibitions within six years to facilitate its entrance into the world trade body.

Currently, Taiwan allows the import of bananas, pineapples, guavas, mangoes, oranges, mandarin oranges, lemons, grapefruit, grapes, lichee, papaya, plums and longan from the US as well as peach and persimmon imports from Europe and the US.

Taiwan also allows imports of apples from the US and Canada, but prohibits apple imports from Japan and limits apple imports from other countries.

The restriction has triggered protests from New Zealand and Australia.

Taipei To Strengthen Cooperation With Overseas Chinese*OW1003074694 Taipei CNA in English 0720 GMT 10 Mar 94*

[By Y. C. Tsai]

[Text] Taipei, March 10 (CNA)—Chang Hsiao-yen, minister of the cabinet-level Overseas Chinese Affairs Commission (OCAC), said Thursday [10 March] that the commission will place emphasis on coordinating the economic strength of all Chinese and strengthening service to overseas Chinese communities.

Chang made the remark during a meeting of the Legislative Yuan's Foreign and Overseas Chinese Affairs Committee.

The combined assets of Chinese traders could rival those of the United States, Japan, and Germany, he stressed. Chang quoted the economist magazine which reported that Chinese businessmen outside Mainland China hold US\$1.5-2.0 trillion in liquid assets.

Taiwan's economic development could provide a sound basis for business links between domestic and overseas Chinese traders, he elaborated.

Moreover, he noted, the commission must do its part to boost cooperation with overseas Chinese in order to deter Beijing's "united front" tactics, which has drawn more than US\$6 billion worth of investment to Mainland China.

And to meet the growing demand for Chinese-language instruction among overseas Chinese, the OCAC will set up "Taipei schools" in areas with large overseas Chinese communities.

The minister said he has visited 112 Overseas Chinese communities in the United States, Britain, France, Belgium, Holland, Spain, South Africa, the Philippines, Thailand, Hong Kong, Macao, and Japan since he assumed his office a year ago, and is planning to go to Canada, Australia, and Latin America in the near future.

CPC Reportedly Reviews Taiwan Policy

HK0403144894 Hong Kong HSIN PAO in Chinese 4
Mar 94 p 27

["Beijing Political Situation" column by Jen Hui-wen (0117 1979 2429)]

[Text] Taiwan President Li Teng-hui went on a "holiday diplomacy" tour during the Spring Festival season. Under the pretext of "going on holiday," he took dozens of senior officials with him and visited three countries in Southeast Asia, namely, the Philippines, Indonesia, and Thailand. Though all the host countries had cut diplomatic relations with Taiwan and established diplomatic relations with Beijing, and undertaken to adopt the "one China" policy, President Ramos, President Suharto, and King of Thailand Phumiphon went so far as to ignore Beijing's objection and insisted on meeting with Li Teng-hui, making Beijing very frustrated. According to informed sources in Beijing, in order to prevent the spread of Taipei's "holiday diplomacy," the CPC authorities have instructed relevant departments to work out countermeasures, which should include the review of its reunification tactics.

Li Kills Three Birds With One Stone by Carrying Out "Holiday Diplomacy"

Informed sources said that a recent "restricted publication" circulating among high-ranking cadres ran a commentary on Li Teng-hui's "holiday diplomacy." This commentary believes that Li Teng-hui's "holiday diplomacy" is a materialization of Taiwan's "southward policy" (formulated to encourage Taiwan businessmen making investments in the mainland to channel their funds to Southeast Asia, in a bid to break the mainland's blockade with economy as an open sesame and expand Taiwan's diplomatic space) and an implementation of the "wild geese formation theory" (a Japanese economist's theory highly recommended by Li Teng-hui,

which maps out an Asian economic scenario with Japan, the most advanced country, in the lead, followed by the "four little dragons" and then Southeast Asian countries, with the Chinese mainland and North Korea taking up the rear). To conduct "holiday diplomacy" toward Southeast Asia had been decided by the Kuomintang Central Standing Committee last December according to a motion made by Lien Chan, premier of the Executive Yuan, for a shift in diplomatic strategy. Lien Chan pointed out: South East Asian nations are now in need of money and technology, and Taiwan is capable of providing various kinds of assistance in this respect. "Taiwan has an exchange reserve of \$80 billion. Can we not knock open the gate to Southeast Asia with it?" He argued that the time is ripe and Taiwan should not continue to give up what is within reach and seek after something unreachable, but should switch over from marching into Latin America to marching into Southeast Asia (countries surrounding China). Lien Chan not only put forward the motion, but also practiced it. He took the lead and went to Malaysia and Singapore to conduct "holiday diplomacy" toward the end of last year and at the beginning of this year, to open a way for Li Teng-hui and gain some experience. This effort made possible the instant success of Li Teng-hui's "holiday diplomacy" during the Spring Festival season, which fulfilled the purpose of "killing three birds with one stone." It expanded headroom for Taiwan's diplomatic activities in the international arena, opened up new prospects for Taiwan business investment and development, and reduced Taiwan business dependence on the mainland market to prevent the increase of such dependence that might put Taiwan authorities in a passive position politically.

Host Countries Ignore China's Objection

The sources continued: The CPC authorities showed grave concern over Li Teng-hui's "holiday diplomacy" from the very beginning. Before Li went on the "holiday," the Chinese foreign ministry spokesman said: Taiwan authorities are attempting to develop "substantive relations" with some countries on the pretense of "holiday-making," trying to create "two Chinas" in the international arena. The Chinese Government and the Chinese people are firmly against it and will never accept it. If the governments of the countries that have diplomatic relations with China accept Li Teng-hui's visit, regardless of the capacity and way in which this visit will be made, it will severely hurt the feelings of the Chinese people and impair the friendly and cooperative relations the countries concerned have maintained with China. Obviously, China hoped that the countries concerned would treasure their relations with China as their priority and guard against the political stratagem of the Taiwan authorities to avoid disrupting and damaging their friendly and cooperative relations with China that had been hard to come by. But the host countries ignored China's statement and went ahead to receive Li Teng-hui.

After Li went on his "holiday," the Chinese Foreign Ministry spokesman again said: "The so-called 'holiday' diplomacy of Li Teng-hui is in essence an attempt to practice 'two Chinas' or 'one China, one Taiwan.' Practicing 'two Chinas' or 'one China, one Taiwan' is a violation of the fundamental interests of all Chinese people, including Taiwan compatriots, and is therefore doomed to failure. Countries that have diplomatic relations with China should strictly observe the principles of the communiques signed when such relations with China were established and the undertakings they made at the time. Any breach of the principle of diplomatic relations and the undertakings given at the time will naturally have a damaging effect on bilateral relations."

In the meantime, China canceled the arrangements for a National People's Congress delegation to visit the Philippines and Thailand, annulled an agreement on the import of timber from Indonesia, and froze the anti-tank weapons to be exported to Thailand. But the host countries turned a deaf ear and a blind eye to it. Moreover, THE NATION, an English language paper of Thailand which had enjoyed quite a good relationship with China, published a special article entitled "Risking the Danger of 'Holiday Diplomacy'" on 20 February. The article pointed out: All Southeast Asian nations understand that reiterating the "one China policy" every evening may ensure a good night's sleep, but it does not give a "full stomach." The special article quoted a senior official of the Thai foreign ministry as saying that this is a "win-win" situation: Taiwan may declare to the world that it has conquered the last wall of the Southeast Asian nations, while Thailand may reap benefits from Taiwan investment.

The attitude of the host countries inspired Li Teng-hui. He was determined to carry on with "holiday diplomacy." Li has set the next targets of "holiday diplomacy" as India, Bangladesh, and Burma and then Japan and the United States. There are political personalities in both the United States and Japan saying that Li Teng-hui's "holiday diplomacy" is acceptable. In view of this, when he was visiting Japan in late February, Chinese Vice Premier Zhu Rongji issued a warning in Tokyo: "The Taiwan issue is a very sensitive question between China and Japan. I believe the Japanese Government will observe the principle of the Sino-Japanese joint declaration and will never do anything that would hurt the feelings of the Chinese people." But how the future unfolds remains to be seen.

The sources also said: Because Li Teng-hui's "holiday diplomacy" came to the fore after Beijing took the initiative to give in and make it possible for the "Tang-Chiao meeting" to reach an understanding, the CPC finds itself in a state of attending to one thing while losing sight of another and feels that it has been misled by the "Tang-Chiao meeting." Furthermore, the three countries playing host to Li Teng-hui went so far as to go their own way and ignore Beijing's objection, which has deeply convinced the CPC authorities that they cannot change the predicament they are in if they fail to break

"holiday diplomacy." Therefore, CPC authorities have instructed the relevant departments to work out a countermeasure. Some think tanks based in big cities, such as the Institute for International Strategic Studies, have recently recommended tactics for dealing with Li Teng-hui's "holiday diplomacy," including short-term and long-term actions.

Think Tanks Recommend Countermeasures

The proposed short-term actions include the above-mentioned objections and cancellations of visits.

The long-term actions refer to the formulation of some proposals for dealing with Taiwan and Hong Kong [as published] and solving the problem thoroughly.

One of the proposals is to use military means to attain reunification. The provider of this proposal believes that Taiwan is a free trade zone with scarce resources and relies on importation for raw materials. Once a blockade is imposed at sea, Taiwan's economy will dry up within three months. The purpose of the blockade is to push Taiwan into talks with the mainland on reunification. If the talks are held when the blockade is imposed, the process of reunification can be greatly shortened. If this move is made after Hong Kong and Macao return to China, the reunification of the two sides may come true at the turn of century. Then one can say the 21st century will be the century of Chinese people!

The second proposal is: first economy, then politics; first nongovernmental contacts, then official contacts. The key point here is to create a situation in which Taiwan's economy depends on the mainland and its politics cannot avoid being swayed by it.

The third proposal is to take both political and military measures at the same time. That means strengthening dialogue in politics while looking for an opportunity in military sense (e.g. taking the island back if and when Taiwan declares independence). It is unwise to wait till the advanced weapons that the United States and France sell to Taiwan have arrived, otherwise it will be even more difficult.

Taiwan studies experts in Beijing pointed out: Though CPC authorities have so far adhered to the stand and principle of "one China, coexistence of two systems, high degree of autonomy, and peaceful reunification" on the Taiwan issue, they have never promised not to use force of arms. It is believed that the shock caused by Li Teng-hui's "holiday diplomacy" will spur the CPC to further review its new tactics for reunification. This is a noteworthy new development. Beijing, 2 March 1994

Economic Planner Says Taipei Lagging Behind in Recovery

OW1003081794 Taipei CNA in English 0714 GMT 10 Mar 94

[By Sofia Wu]

[Text] Taipei, March 10 (CNA)—Taiwan is lagging behind many advanced countries in economic recovery, an economic planner said Thursday [10 March].

K.C. Li, a department chief with the Council for Economic Planning and Development (CEPD), said Taiwan's index of leading economic indicators, which measures economic prospects three months ahead, rose a mere 1.6 percent in February, lower than America's 3.8 percent, Japan's 4.6 percent, Germany's 6.4 percent, Britain's 9.2 percent and France's 2.8 percent.

The leading indices of the 12-member European Union [words indistinct] Organization for Economic Cooperation and Development surged 6.5 percent and 4.9 percent respectively in February, Li reported.

"All these figures show that the Taiwan economy is not recovering as fast as industrialized countries," Li noted.

He said one major reason behind Taiwan's slow recovery is that local enterprises still hesitate to make new investments.

Li pointed out that although a government economic forecast released earlier this year optimistically predicted that private investment would grow 13 percent in 1994, machinery imports declined 0.9 percent in the January-February period as compared with the year-earlier level. Machinery imports are used to gauge a country's investment activity.

Li said relatively high interest rates have undermined investment willingness here. Taiwan's prime lending rate now stands at 7.75 percent, 2 to 3 percent higher than that in many other countries.

Difficulties in land acquisition have also discouraged investment, Li said. According to a recent CEPD survey, 758 private companies have been forced to shelve their investment plans since last August because of difficulties in acquiring needed factory land.

As part of its effort to encourage private investment, Li said, the government has decided to release at least 2,382 hectares of industrial land in the near future for local manufacturers to house their new plants.

Li added he remains cautiously optimistic about Taiwan's economic prospects for the year. Global trade is expected to grow 5.4 percent this year, higher than 1993's 2.6 percent growth. "This is good news for Taiwan's export-oriented economy," Li observed.

He further said the New Taiwan [NT] dollar depreciated by an average of 6.36 percent against the US dollar, the Japanese yen and the Deutsche mark in the past few months. The NT dollar is expected to remain weak in the months ahead and this will help boost Taiwan's export competitiveness, he added.

GATT Working Party Postpones Meeting Until Middle of May

OW1003074794 Taipei CNA in English 0723 GMT 10 Mar 94

[By Sofia Wu]

[Text] Taipei, March 10 (CNA)—The GATT working party screening Taiwan's membership application will postpone its fifth meeting from April to mid-May, Vice Economic Affairs Minister Sheu Ke-sheng said Thursday [10 March].

"The change in meeting schedule is not expected to delay Taiwan's entry into the General Agreement on Tariffs and Trade (GATT)," Sheu noted.

Taiwan applied to join the Geneva-based world trade regulatory body in 1990 as a separate custom territory. The GATT working party has already met four times to discuss Taiwan's membership bid.

Sheu said as Taiwan has not yet completed bilateral trade consultations with many GATT contracting parties, the postponement of the working party's fifth meeting will not have an adverse impact on Taiwan's GATT admission.

Taiwan is scheduled to hold bilateral tariff-reduction talks with six GATT contracting parties—South Africa, Australia, New Zealand, Hungary, Chile and Turkey—in Geneva starting March 21. Director-General Huang Yen-chao of the Board of Foreign Trade will act as chief negotiator for the talks.

Revised Wildlife Conservation Law Increases Punishments

OW1103074394 Taipei CNA in English 0706 GMT 11 Mar 94

[Text] Taipei, March 11 (CNA)—The Executive Yuan Thursday [10 March] introduced further amendments to the Wildlife Conservation Law which stipulate longer prison terms and heavier fines for violators.

After two days of debate, yuan members completed new amendments to the Wildlife Conservation Law which introduce tougher measures to crackdown on illegal trade in wildlife in Taiwan.

The amendments stipulate that those found guilty of hunting or killing protected wild animals face prison terms of up to five years and fines as high as NT [New Taiwan] \$1 million (US\$37,037). Repeat offenders face up to seven years in prison and fines up to NT\$2.5 million (US\$92,592).

Previously, prison terms for such violations ranged from six months to three years, and most sentences were commuted to small fines.

The amendments also stipulate that persons who abuse animals and display protected wildlife, either publicly or privately, will be fined NT\$300,000 or sentenced to less than one year in jail.

Medicine shops which sell products labeled as containing endangered species preparations but actually containing legal substitutes also face fines of between NT\$100,000 and NT\$500,000, the draft said.

The amendments will be sent to the Legislative Yuan next week for approval.

Meanwhile, the Ministry of Foreign Affairs said Friday that pressure from the United States Government to boost wildlife protection is mounting as US lawmakers and conservationists have become "impatient" and "disappointed" at Taiwan's efforts to crack down on illegal

trade in rhino horn and tiger parts and the late enactment of an efficient Wildlife Protection Law.

Senator Jack Fields (R-Vt.) said Thursday in Washington that he and a number of other senators will soon send a letter to President Bill Clinton demanding trade sanctions against Mainland China, Taiwan and Korea for their illegal trade in endangered animals and products.

Fields said the letter will also ask Taiwan for cash donations to help preserve rhinoceroses and tigers.

President Clinton has until March 25 to decide whether to impose trade sanctions against Mainland China and Taiwan for illegal trade in rhino horn and tiger parts in violation of the international Convention of International Trade in Endangered Species (CITES).

Hong Kong

Public Figures Criticize UK for 'Sabotage' of Talks

OW1003145194 Beijing XINHUA in English 1431
GMT 10 Mar 94

[Text] Hong Kong, March 10 (XINHUA)—Public figures at various levels here today voiced their strong criticisms following Hong Kong Governor Chris Patten's tabling of his remaining political reform package to the Legislative Council on Wednesday [9 March].

They saw the action taken by the British Hong Kong authorities as a further step to deliberately sabotage the Sino-British cooperation over the Hong Kong issue. They urged local residents to make concerted efforts with the Chinese side to ensure a smooth transition of the territory in 1997.

Chris Patten's remaining political reform package regarding the 1994-1995 electoral arrangements in Hong Kong was tabled to the Legislative Council yesterday afternoon. The first part of his reform bill was introduced last December.

Both parts of Chris Patten's so-called democracy reform bill were tabled under the circumstance where no agreement was reached between China and Britain despite the fact that the Chinese side had made its utmost efforts in the past 17 rounds of the Sino-British talks over the Hong Kong issue.

The Chinese side has repeatedly warned that any unilateral action taken by the British side in this aspect before an agreement is reached between the two sides is in gross violation of the joint declaration, the Basic Law as well as the agreements and understandings reached between the two countries.

Wong Siu-ye, a local member of the Urban Council, said that the real intention of the British side by unilaterally tabling Patten's reform bill was to continue the British influence over the territory, which it took away from China by armed forces in the late 19th century, after it is returned to China in 1997.

Another local public figure, Rita Fan, said that the British side claimed, on the one hand, that the door for the Sino-British talks was open, while, on the other hand, it had slammed the door by taking unilateral actions.

Fan, a female member of the Preliminary Working Committee, said that one can not entirely depend on the cooperation of the British side in the other fields as Britain has taken an uncooperative attitude towards the political issues.

Wong Siu-lun, a professor from the Sociology Department of Hong Kong University, said that under the situation in which the basis of the Sino-British cooperation over the Hong Kong issue has been ruined by the British side, the Chinese side should work closely with

the local residents and be prepared for the long-term development of the future special administrative region.

Newspapers Highlight Li Peng's 'Slip of the Tongue'

HK1103041394 Hong Kong AFP in English 0355 GMT
11 Mar 94

[Text] Hong Kong, March 11 (AFP)—Chinese Premier Li Peng's slip of the tongue that China, rather than Britain, was to blame for the breakdown in Sino-British talks on Hong Kong's political future hit the local newspapers here Friday.

"Is it an innermost thought?" the independent Chinese-language newspaper Ming Pao asked in a headline over a story reporting the gaffe made by the Chinese premier as he read his lengthy government work report.

Li corrected himself immediately, saying it was the British side that was to blame for the breakdown of the 17th round of Sino-British talks on Hong Kong's democratization process. The British colony reverts to China's rule in 1997.

Another Chinese-language newspaper, the Hong Kong Daily News, described Li's slip as "extremely intriguing," while the Taiwan-run United Daily News noted that Li did not apologize for his slip up.

However, his mistake elicited the briefest of smiles from the British ambassador to China, Sir Robin McLaren, who attended the opening of the National People's Congress in Beijing Thursday.

McLaren, who headed the British team in the now broken-off negotiations with Beijing over Governor Chris Patten's electoral reforms, said later it was "a Freudian slip." Meanwhile, a Hong Kong government spokesman declined to comment, saying "it is inappropriate." The major Beijing-run newspapers Wen Wei Po and Ta Kung failed to report on Li's gaffe.

The talks collapsed in acrimony in November, and the Patten-backed reform package was introduced on Wednesday in the colony's Legislative Council. China threatened to sack the legislature, apparently resigned to the fact that there would be no cooperation with Britain on the transition to 1997.

Governor Patten Reiterates Moral Responsibilities

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[Interview with Hong Kong Governor Chris Patten by political editor Chip Tsao, in Australia; place and date not given]

[Text] [Tsao] You have mentioned on many occasions the importance of implementing the Joint Declaration after 1997. China sees ruling Hong Kong after 1997 as

internal, domestic issue. How can the Joint Declaration be secured by Britain after the transition in 1997?

[Patten] Nobody is arguing for an extension of sovereignty, nor extending British influence. It's very curious to suggest that fair elections are a way of extending British influence. Equally, it is a complete contradiction of the meaning of the Joint Declaration to say that Britain has no moral responsibility and no interest in Hong Kong after 1997.

First of all, until 2000, there will be meetings between the Joint Liaison Group (JLG) and Chinese officials about transition issues, and that is an agreement made with Britain and China.

Secondly, since the Joint Declaration is a treaty signed between Britain and China, Britain plainly has an interest in ensuring that it is properly implemented. It's a treaty lodged at the United Nations and also a treaty between Britain and China. We have a moral responsibility to ensure the freedoms and values of Hong Kong are maintained and will continue after 1997.

It's a moral responsibility and a practical concern but I totally accept it doesn't involve any aspects of sovereign action.

[Tsao] But it is a declaration, not a treaty. It is called a declaration, not even an agreement.

[Patten] It is a recognised treaty lodged in the UN like other international treaties. China is obliged to abide by it. Equally, since we are the other name on the document, we have a continuing interest in it being implemented.

[Tsao] Can you define what you mean by continuing interest? Would it be regarded as a challenge to China's sovereignty over Hong Kong? China has its own glossary on the words and terms of the Joint Declaration, especially on words like "freedom" and "election." It is the basis of endless arguments between the two sides.

[Patten] We can't do anything which involves sovereign intervention in Hong Kong, but we certainly would, if we believed the Chinese were breaking their solemn undertaking of the Joint Declaration. We'll certainly raise it internationally.

For example, freedom of speech. There is no amount of re-interpretation which can turn freedom of speech into brutal intervention by Government in the affairs of newspapers or broadcasting organisations. If China means, by elections, arranging things so that you get the result you want, then China should say that. But "elections" in the Joint Declaration were never meant to imply that. Look at the debates that took place after the document (was signed) in which people talked about a steady development of representative government.

China can't go back on that now and make words which appear in the Joint Declaration have meaning which they have never borne. I'd prefer to believe China means

to keep her word rather than speculate about arrangements that we'd need to follow if China wasn't keeping her word.

I believe China has given her word to Hong Kong, Britain, and the international community. But if it was apparent that China wasn't doing so, then I'm sure there are a number of options which would need to be followed by Britain.

[Tsao] During your trip to Australia, the Minister for Foreign Affairs, Senator Gareth Evans was the only cabinet minister who expressed strong support publicly for your democracy package. Did you not see this as a disappointingly solitary voice when compared to the reaction you received after you announced the democracy package in 1992.

[Patten] I have said at the outset that I haven't travelled principally to Australia just to persuade Australians to throw their hats in the ring on the issue of political development. I am in Australia to encourage more people to do more business in Hong Kong and to give a reassurance to Australian businesses that are already in Hong Kong.

But, if you look at the support that we've had this week, it seems to me difficult to argue that (support) has been in any way diminished. I think every major Australian newspaper has had a leading article supporting what we've been doing (in Hong Kong).

We've had the support of every level of government, from the states as well as the federal government; from right across the political spectrum. I was giving evidence to the Foreign Affairs Joint Committee yesterday and the support, or the understanding [of the issues], is very considerable indeed. Hong Kong has good friends around the world and some of our best friends are in Australia.

[Tsao] Do you think that your Australian visit will be seen as an attempt to gather international support for your reforms?

[Patten] Intelligent, rational discussion isn't advanced by taking the frequently repeated propaganda of pro-Beijing newspapers, or of United Front activists, as representing the truth and a sensible view of the world. All this propaganda about internationalisation is ridiculous.

Every time anybody from Hong Kong travels abroad, those propaganda bugles play their tune about internationalisation. It's a very curious argument. Are we to believe that when Chinese officials go abroad and are asked about Hong Kong, they don't set out their views and thoughts about Hong Kong? Of course they do.

Given that, everywhere I've been, there's been a recognition that resolving successfully the argument between China and Britain is a matter for China and Britain. But equally, everywhere I've been and places I haven't been, people take an active interest in what happens in Hong

Kong. They do it because Hong Kong is such a regional and global asset. Those are the realities. No amount of propaganda from the New China News Agency (Xinhua) or from the communist newspapers in Hong Kong is going to change that.

Sir Leon Brittan (Vice-President of the European Commission) is to visit China this month to express concerns that British business may suffer discrimination in trade with China because of the Hong Kong democracy debate.

Is it not likely an EU (European Union) consensus may be difficult to negotiate because Europe does not have a united position on this matter.

[Patten] First of all, it's not for me to talk about British trade with China. It's not one of my responsibilities. Secondly, Chinese officials keep on saying there is no relationship between politics and trade. I assume when they say that they mean it.

Were they to behave in a different way, it would have profound implications for the China-European Union Cooperation Agreement and it would have profound implications for China's application to join the GATT.

It would also have distorted some other arguments China is having around the world about trade issues.

I don't believe China will be well advised to ignore what the Chinese leader and other Chinese officials have said. [sentence as published] As for Sir Leon's visit, I know very little about that. The visit has been long planned.

[Tsao] You've spent more than 10 days in Australia, including a private holiday. Have you, since you left Hong Kong, being in a more relaxed mood, come to a firmer idea about when to table the rest of your bill and in what form? [Patten] Nothing I've thought or done in Australia during my leave has changed the decision about the legislative process made before I came.

We still want to return to the negotiating table with China. Realistically, that seems less and less a possibility. When the present bill is concluded, we'll have to move on to the last remaining legislative brick and place that in the wall.

That will depend on the timing of that and crucially, when the present bill emerges from the Legislative Council. [sentence as published]

It's worth noting the present bill has been in the Legislative Council [Legco] for nearly two and a half months and there are about four months until Legco rises for the summer recess.

There's a recognition that if we were able to get talks going again, we'd have to go into a more intensified form

of negotiation—like a week or two—to sort things out during prolonged negotiations. I wish time was on our side, but it's not.

[Tsao] Although there is still no official response from China to your latest proposal on the airport project, some peripheral pro-Chinese voices have called for additional injections of funding, over and above the \$6bn reportedly offered by the Hong Kong government to China.

There is plenty of money left in the government reserve. Why is the Government still so financially cautious given that the Memorandum of Understanding (MOU) requires that \$25bn be left to the future special administrative region (SAR) government.

[Patten] We've put forward, in good conscience and with considerable sincerity, a financial package which appears to me to include all the points that China put to us last year. I hope China can react positively and quickly, but I don't think I can react to the reports of the so-called friends of China.

I just hope some of those so-called friends of China would be friends of Hong Kong.

[Tsao] You have encouraged Australian companies to compete in bidding for projects in the new airport plan.

You have also assured them there will be fair treatment from the government on assessments of tenders.

But China claims unofficially that some British companies have been given favourable treatment when contracts have been granted for the Chek Lap Kok project.

[Patten] That's, of course, a load of rubbish. Of the large projects, about 60 percent have been won by Japanese-led consortia. That paranoia should be put on one side.

[Tsao] Equally pressing is the issue of the Final Court of Appeal. Legco has reached a consensus on the agreement between the two governments. When will there be a resolution, so that a Final Court of Appeal, which is acceptable to Legco, will be put in place?

[Patten] We're working on draft legislation for the Final Court of Appeal.

We then have to put it to legislators. I hope they will take a swift decision. I don't think there is any chance of being able to renegotiate the settlement made in the JLG [Sino-British Joint Liaison Group].

[Tsao] You've always said Legco's opinions should be listened to and respected, yet they clearly rejected this agreement.

[Patten] We'll have to see what they say when they're presented with the actual legislation. If Legco says we prefer no Court of Appeal rather than one which reflects the agreement then we'll have to take account of that. That's an obligation.

We've have no other alternative. The Legislative Council has the responsibility of legislating.

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